



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JULY 2024

DOMESTIC NEWS

Kenya's shilling held steady on Tuesday, with projections that dollar inflows from the tourism and agriculture sectors would bolster its strength. Commercial banks quoted the shilling at 130.00/131.00 per dollar, unchanged from Monday's closing rate. (Reuters).

The National Treasury took an emergency loan facility of Sh22.6 billion from the Central Bank of Kenya (CBK) last week to help repay interest on bonds. This marked the biggest weekly overdraft since January last year and pointed to cash flow pressures in the aftermath of sustained youth-led protests that hurt revenue collections. Data from the CBK shows that outstanding borrowings from the apex bank hit Sh91.8 billion last week to account for 1.68 percent of the overall government domestic debt, up from Sh69.19 billion, which made up 1.27 percent of domestic borrowings the preceding week. Last week's new overdraft is the highest since the Sh30.2 billion emergency facility that the Treasury took during the final week of January 2023, at a time when the government was under intense pressure to service several Chinese debts that had matured. The overdraft facility—a temporary source of cash to cater for priority payments and emergencies—is usually tapped when government revenue streams such as tax receipts and debt do not flow into State accounts at a pace that matches expenditure needs. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	162.96	175.96	162.16	176.86
EUR/KES	135.82	149.72	136.12	152.62
AED/KES	31.39	44.39	33.39	44.89

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	9.50%	1.50%
1 Month	9.75%	2.50%
3 Months	10.00%	3.25%
6 Months	10.25%	3.50%
1 year	10.50%	4.25%



USD movement from May 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar traded largely flat Tuesday, with traders wary ahead of the start of the latest Federal Reserve rate-setting meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded just higher at 104.342, moving within a tight range. The Fed started its two-day policy-setting meeting later on Tuesday and is expected to keep rates unchanged when it concludes the following day. The U.S. central bank is widely expected to leave rates unchanged this week, but traders will be looking for any hints from Fed Chair Jerome Powell on how soon policymakers are prepared to cut rates at his press conference. Soft inflation readings and dovish-leaning comments from Fed officials have seen markets ramp up bets that September will be that starting point, with a 25 basis points cut.

On the other hand, In Europe, GBP/USD traded marginally lower at 1.2857, ahead of Thursday's Bank of England meeting. There is a great deal of uncertainty surrounding this get together, as key policymakers have not spoken publicly for more than two months due to rules in the run-up to the general election at the start of this month. EUR/USD rose 0.1% to 1.0829, after the release of some mixed growth data for the eurozone. The French economy grew marginally faster than expected in the second quarter, climbing 0.3% from the three months to the end of June. In Asia, USD/JPY rose 0.5% to 154.78, with the yen handing back some of its recent gains ahead of Wednesday's Bank of Japan meeting.

In the commodities markets, gold prices rose in Asian trade on Wednesday, encouraged by a softer dollar as traders awaited more cues on interest rate cuts from the Federal Reserve. The yellow metal also benefited from some safe haven buying after the reported killing of Hamas leader Ismail Haniyeh by an Israeli strike in Iran pointed to a potential escalation in the war. Spot gold rose 0.3% to \$2,419.11 an ounce, while gold futures expiring in December rose 0.5% to \$2,463.85 an ounce.

On the other hand, Oil prices rose sharply in Asian trade on Wednesday after reports said that Hamas leader Ismail Haniyeh was killed in by an Israeli strike in Iran's capital, potentially heralding a spike in Middle East tensions. Prices rose from nearly two-month lows as industry data showed U.S. inventories marking a fifth straight week of strong draws- indicating tight market conditions in the world's biggest fuel consumer. Brent oil futures expiring in September jumped 1% to \$79.45 a barrel, while West Texas Intermediate crude futures rose 1.2% to \$75.64 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0620	1.1021
GBP/USD	1.2637	1.3045
USD/ZAR	16.2701	20.2750
USD/AED	3.6528	3.6933
USD/JPY	150.90	154.91

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. The rates quoted includes the Banks mark up. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.