



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 02<sup>ND</sup> AUGUST 2024**

**DOMESTIC NEWS**

The Kenyan shilling dipped against the US dollar on Thursday, according to data from the London Stock Exchange Group (LSEG). The shilling exchanged hands at 129.00/130 per dollar, sliding from Wednesday's closing rate of 128.50/129.50. The depreciation of the shilling is usually attributed to heightened demand for dollars from sectors such as energy and manufacturing. (Reuters).

Kenya's consumer prices increased at the slowest rate in 46 months in July, official data shows, mainly on falling average prices of food and energy. Inflation, a measure of the increase in cost of goods and services over the previous year fell to 4.3 percent from 4.6 percent in June, according to Kenya National Bureau of Statistics (KNBS). The rate of growth in average prices was slowest since September 2020 when it stood at 4.2 percent. The easing inflationary pressure has been supported by increased food production and moderating cost of fuel and electricity compared with July last year. Average food prices rose 5.6 percent year-on-year in July but fell a marginal 0.5 percent compared with June, the data shows, benefitting from fairly heavy rainfall in the past year and lower prices of fertiliser. "In particular, prices of tomatoes, wheat flour-brown, onion-leeks and bulbs and maize flour-sifted dropped by 5.5, 4.2, 4.1 and 3.3 percent, respectively, between June 2024 and July 2023," KNBS Managing Director Macdonald Obudho said in a statement. (Business Daily).

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	160.83	173.83	160.03	174.73
EUR/KES	134.94	148.84	135.24	151.74
AED/KES	31.26	44.26	33.26	44.76

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 edged higher in early European trade Thursday, rebounding after the previous session's hefty losses following the Federal Reserve opening the door to a September rate cut, while the U.K. pound fell ahead of the Bank of England's latest policy-setting meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.3% higher to 104.154, after dropping 0.4% on Wednesday. The index fell 1.7% in July, its weakest monthly performance this year. The Fed maintained interest rates at their current levels at the conclusion of its two-day policy-setting meeting Wednesday, as widely expected, but also indicated that an easing of monetary policy was nearing. Fed Chair Jerome Powell noted that while inflation is running "somewhat" above target, the upside risks have diminished, and downside risks to the labor market are building. Powell's comments "suggest the bar is not very high" for a September cut, according to economists at Goldman Sachs, in a note.

On the other hand, GBP/USD slumped 0.7% to 1.2767, with sterling retreating sharply ahead of the Bank of England meeting, due later in the session. EUR/USD fell 0.4% to 1.0783, after data showed eurozone manufacturing activity remained mired in contraction in July, suggesting the European Central Bank will have to cut interest rates again this year to boost a slowing economy. In Asia, USD/JPY fell 0.2% to 149.66, with the yen strengthening in the wake of the Bank of Japan raising interest rates to levels not seen in 15 years as well as the Fed putting rate cuts on the table as US inflation cools.

In the commodities markets, gold prices rose in Asian trade on Friday and were in sight of a record high as a rout in global markets, amid concerns over an economic slowdown, fueled safe haven buying into the yellow metal. Bullion was sitting on strong price gains this week as bets on U.S. interest rate cuts weighed on the dollar and dented Treasury yields. Heightened tensions in the Middle East, after the killing of a Hamas leader, also spurred some safe haven demand for the yellow metal. Spot gold rose 0.5% to \$2,458.49 an ounce, while gold futures expiring in December rose 0.9% to \$2,502.60 an ounce.

On the other hand, Oil prices rose on Friday but were set for a fourth successive weekly decline, as signs of disappointing global fuel demand growth outweighed fears of supply disruptions. Brent crude futures gained 62 cents, or 0.8%, to \$80.13 a barrel, while U.S. West Texas Intermediate crude futures rose 62 cents to \$76.93. (investing.com).

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0602	1.1003
GBP/USD	1.2532	1.2933
USD/ZAR	16.2425	20.2550
USD/AED	3.6527	3.6932
USD/JPY	147.10	151.13

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.