



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling slipped on Friday due to dollar demand from the manufacturing sector. A credit rating review by S&P Global later this month could be a big driver in the weeks ahead. Commercial banks quoted the shilling at 129.50/130.50 to the U.S. dollar, compared with Thursday's closing rate of 129.00/130.00. S&P Global is scheduled to review Kenya's sovereign rating on Aug. 23. It currently has the East African country's long-term foreign and local currency ratings in "junk" status, at 'B' with a negative outlook. Last month Moody's downgraded Kenya's local- and foreign-currency long-term ratings deeper into junk, to 'Caa1' from 'B3', citing a diminished capacity to implement fiscal consolidation after President William Ruto withdrew planned tax hikes in response to mass protests. (Reuters).

The Ministry of Mining has lowered the royalty charges for gold miners, hoping to attract bigger investments into the nascent industry. Newly published regulations by the Ministry show that miners will now pay a three percent royalty on the gross value of extracted gold, down from five percent previously. Kenya has proven deposits of titanium, gold, and coal. But the mining sector is a relatively small contributor to national output although its revenues are expected to grow as new mines and investors come onstream. Gold mining has over the years largely featured artisanal and smallscale operations in a mainly informal processes even though several midsize firms have entered the industry. Kenya's earnings from gold mining dipped to Sh3.17 billion in 2023, from Sh3.38 billion the previous year, according to the Economic Survey 2024. (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	162.40	175.40	161.60	176.30
EUR/KES	137.22	151.12	137.52	154.02
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 fell in early European trade Friday after weak data fuelled fears of a sharp slowdown in the world's largest economy, potentially prompting the Federal Reserve to aggressively loosen monetary policy. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower to 103.997, continuing to fall after dropping 1.7% in July, its weakest monthly performance this year. Overnight, data showed U.S. manufacturing activity contracted at the fastest pace in eight months in July, while a gauge for employment fell sharply, raising the potential for a U.S. recession. It also indicates risks to the key payrolls report due later in the session are to the downside. Economists are expecting the U.S. economy to have created 177,000 jobs in July, moderating from 206,000 in the prior month. The unemployment rate, which has ticked higher in each of the past three months, is expected to hold steady at 4.1%.

On the other hand, GBP/USD slipped 0.1% to 1.2734, after falling as low as 1.2708 earlier for the first time since July 3 in the wake of the Bank of England's decision to cut interest rates on Thursday. EUR/USD rose 0.3% to 1.0820, bouncing after reaching a three-week low of 1.0777 overnight. In Asia, USD/JPY fell 0.3% to 148.84, with the yen continuing to surge after the BOJ hiked interest rates by 15 basis points and flagged more potential hikes in 2024, citing some improving trends in the Japanese economy.

In the commodities markets, gold prices rose in Asian trade on Monday and were trading in sight of record highs as the yellow metal benefited from increased safe haven demand amid heightened concerns over slowing economic growth. A softer dollar also aided metal markets, as a swathe of weak U.S. economic readings saw traders pricing in greater reductions in U.S. interest rates this year. Spot gold rose 0.4% to \$2,453.51 an ounce, while gold futures expiring in December rose 1% to \$2,495.40 an ounce.

On the other hand, Oil prices rose slightly in Asian trade on Monday as heightened tensions in the Middle East kept some concerns over supply disruptions in play, although gains were limited by fears of slowing economic growth. Increased tensions in the Middle East amid heightened concerns over Hamas' retaliation against Israel for the killing of its leader- offered little support to oil. Brent oil futures expiring in October rose 0.1% to \$76.93 a barrel, while West Texas Intermediate crude futures rose 0.1% to \$76.39 a barrel. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0733	1.1134
GBP/USD	1.2596	1.3003
USD/ZAR	16.3907	20.4055
USD/AED	3.6526	3.6936
USD/JPY	141.13	145.13

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