



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling eased slightly on Tuesday, and it was expected to hold steady during the session, with dollar demand from various sectors being matched by supply. Commercial banks quoted the shilling at 129.50/130.50 per dollar, compared with Monday's closing rate of 129.25/130.25. (Reuters).

India's Adani Energy Solutions and Africa50 are set to construct power transmission lines and substations under a Public Private Partnership (PPP) deal valued at a combined \$1.22billion (Sh158.24 billion), the National Treasury has revealed. The Treasury disclosed that it had approved the deals with the two firms and is currently negotiating terms of the projects meant to help bolster the country's shaky and aging electricity transmission network. Both projects by Adani Energy Solutions, a subsidiary of Adani Group and Africa50 will be implemented under the Kenya Electricity Transmission Company. Adani Energy Solutions will build the 206-kilometre (km) 400 kilovolts (kV) Gilgil-Thika-Malaa-Konza power transmission line, as well as the 95km 220kV Rongai-Keringet-Chemosit and the 70km 132kV Menengai-Olkalou-Rumuruti lines. The India firm will also construct a 400/220KV substation at Lessos and similar facilities in Rongai, Nakuru, and Thurdubuoro in Kisumu each with a capacity of 132/33kV. The Treasury in its draft Budget Policy Statement (BPS) revealed the Adani projects will cost \$907million (Sh117.62 billion). (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	160.54	173.54	159.74	174.44
EUR/KES	136.42	150.32	136.72	153.22
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 rose Tuesday, reversing some of the recent losses as a degree of calm returned to the foreign exchange markets. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.4% higher to 102.907, after falling to a seven-month low on Monday. The dollar has been hit hard of late by fears of a U.S. recession after a batch of weak readings on the labor market, which ramped up bets that the Federal Reserve will have to cut rates more than initially expected. Traders now expect 110 basis points of easing this year from the Fed, pricing in an 80% chance of a 50-bps cut in September, after having fully priced in a 50-bps cut on Monday.

On the other hand, EUR/USD fell 0.4% to 1.0911, having hit a seven-month high of 1.1009 on Monday, with data showing that retail sales fell 0.3% in June in the eurozone, suggesting consumers remained stretched. GBP/USD slipped 0.5% to 1.2706, handing back some of its recent gains as the dollar strengthened. The Bank of England cut interest rates last week, reducing the benchmark rate by a quarter-point to 5%. In Asia, USD/JPY rose 0.2% to 144.47, with the yen weakening for the first day this month, consolidating after the striking moves of recent days.

In the commodities markets, gold prices rose slightly in Asian trade on Wednesday after falling sharply in the prior session as the dollar steadied from recent losses, with focus remaining on a potential U.S. recession and lower interest rates. Gold had initially benefited from safe haven demand as a hawkish Bank of Japan and concerns over a U.S. recession sparked steep losses in risk-driven assets, particularly stocks. But markets rebounded on Tuesday and Wednesday, pressuring safe haven assets. Spot gold rose 0.2% to \$2,393.59 an ounce, while gold futures expiring in December rose 0.1% to \$2,433.70 an ounce.

On the other hand, Oil prices fell in Asian trade on Wednesday after a mixed reading on U.S. inventories, with persistent concerns over slowing economic growth and weak demand keeping prices under pressure. Focus also remained on any new developments in the Israel-Hamas war, with Hamas set to potentially retaliate against Israel over the killing of its leader last week. Fears of a broader conflict in the region offered some support to crude in recent sessions. Brent oil futures expiring in October fell 0.5% to \$76.13 a barrel, while West Texas Intermediate crude futures fell 0.4% to \$75.70 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0709	1.1110
GBP/USD	1.2502	1.2909
USD/ZAR	16.3670	20.3779
USD/AED	3.6528	3.6933
USD/JPY	145.74	149.76

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.