



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Wednesday, LSEG data showed. The shilling traded at 129.00/130.00 per dollar, the same as Tuesday's closing rate. On Tuesday the central bank lowered its benchmark lending rate to 12.75% from 13.00% previously, saying there was scope to ease policy gradually as inflation had fallen below the midpoint of its target range. (Reuters).

The government is eyeing a drawdown of about \$600 million (Sh77.9 billion) from the International Monetary Fund (IMF) when the institution's executive board approves the seventh review of Kenya's medium-term funding programme. Central Bank of Kenya Governor Kamau Thugge said yesterday that the IMF drawdown is part of the revised external borrowing target of Sh360 billion in the current year, with the government confident that it will meet revenue and fiscal deficit performance targets to unlock the funding. In June, an IMF staff team concluded the seventh review under the Extended Fund Facility (EFF) and Extended Credit Facility (ECF), and the second review under the Resilience and Sustainability Facility (RSF) programme. The review, according to an IMF release, saw the total remaining funding under the EFF/ECF programmes adjusted to \$976 million (Sh126.7 billion) and also unlocked \$120 million (Sh15.6 billion) under the RSF. The programme runs until April 2025. Dr Thugge has however put the total remaining amount under the IMF programme at \$1.4 billion (Sh181.7 billion). (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	159.77	172.77	158.97	173.67
EUR/KES	136.12	150.02	136.42	152.92
AED/KES	31.12	44.12	33.12	44.62

	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 Wednesday, while the Japanese yen slumped after the Bank of Japan attempted to calm troubled waters by signaling no more rate hikes while markets remain volatile. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.3% higher to 103.037, inching further away from Monday's seven-month low. The dollar gained a little Wednesday, benefiting in part from weakness in the yen and amid some bets that U.S. economic growth will not deteriorate as drastically as markets have been fearing. The greenback was hit hard 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.

On the other hand, In Europe, EUR/USD fell 0.1% to 1.0918, retreating further from Monday's seven-month high of 1.1009 as the dollar rose. GBP/USD rose 0.2% to 1.2708, still not far from the five-week low it hit in the previous session. Data released earlier Wednesday showed that Britain's economy grew more strongly than previously thought in 2022. In Asia, USD/JPY rose 2.2% to 147.47, with the yen falling sharply after Bank of Japan officials downplayed expectations of interest rate hikes.

In the commodities markets, gold prices steadied in Asian trade on Thursday, recouping some recent losses as increased volatility in risk-driven markets, particularly stocks, kept safe havens relatively well-bid. Broader metal markets advanced, but still remained mostly rangebound amid uncertainty over the global economy and interest rates. Spot gold rose 0.5% to \$2,394.15 an ounce, while gold futures expiring in December steadied at \$2,433.10 an ounce. The yellow metal remained close to the closely watched \$2,400 an ounce level and was still less than \$100 away from record highs.

On the other hand, Oil prices rose in Asian trade on Thursday as a sustained drop in U.S. inventories spurred some optimism over sustained demand in the world's biggest fuel consumer. Bargain buying also aided oil prices, as they rebounded from multi-month lows in the prior session. But this rebound now appeared to be running out of steam, with further gains in crude stymied by dismal economic data from top oil importer China, especially on its crude imports. Brent oil futures rose 0.3% to \$78.59 a barrel, while West Texas Intermediate crude futures rose 0.4% to \$77.98 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0733	1.1134
GBP/USD	1.2493	1.2895
USD/ZAR	16.3549	20.3688
USD/AED	3.6528	3.6933
USD/JPY	144.04	148.06

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.