



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was stable on Thursday, with dollar inflows from remittances and non-governmental organizations meeting importer demand. Commercial banks quoted the shilling at 128.50/129.50 per dollar, the same level it closed at on Wednesday. (Reuters).

Rebound in importation of machinery and transportation equipment, including railway locomotives, helped reverse Kenya's narrowing trade goods deficit in the first half of the year, official data shows. Data collated by the Kenya National Bureau of Statistics (KNBS) shows the deficit widened a marginal 1.22 percent to Sh765.02 billion in the six months to June. The country's trade deficit--the gap between the value of exports and imports-- had narrowed by 7.15 percent to Sh755.81 billion in a similar period last year. Expenditure on imports, the KNBS data, indicates grew 8.23 percent to nearly Sh1.34 trillion, while total exports, including re-exports, rose by a fifth (19.28 percent) to Sh571.59 billion. "The increase in imports has been driven by machinery and transport equipment, although also the appreciation of the shilling has also helped to incentivize importation of goods," Central Bank of Kenya (CBK) Governor Kamau Thugge said Wednesday. "For exports, we have higher prices and also larger volumes of tea auctions and, therefore, we expect the tea sector to perform positively this year." Increased expenditure on transportation equipment and machinery signals growing investment in the production of goods and services relative to the last year when orders for capital goods went down. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	160.79	173.79	159.99	174.69
EUR/KES	136.25	150.15	136.55	153.05
AED/KES	31.19	44.19	33.19	44.69

	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 slipped lower Thursday as traders began to factor in aggressive easing by the Federal Reserve to combat a cooling economy. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower to 102.802, not far removed from Monday's seven-month low. Last week's disappointing nonfarm payrolls release has lifted concerns that the U.S. economy was heading into recession, which would likely force the Federal Reserve to cut rates more quickly than initially expected. JPMorgan has raised the odds of a U.S. recession by the end of this year to 35% from a probability of 25% earlier, citing easing labor market pressures. This has resulted in markets pricing a 100% chance of a 50-basis points interest rate cut in September by the Federal Reserve, according to CME's FedWatch tool.

On the other hand, the EUR/USD rose 0.2% to 1.0940, benefiting from the dollar weakness with little in the way of economic data to influence trading. The European Central Bank started cutting interest rates in June, and many expect the policymakers to agree to any reduction in September. GBP/USD rose 0.1% to 1.2700, hovering close to the one-month low it touched on Tuesday. The Bank of England's quarterly bulletin is due for release later in the session and could offer more clues as to why the central bank decided to cut interest rates last week. In Asia, USD/JPY fell 0.3% to 146.19, having gained 1.6% on Wednesday after the Bank of Japan's Deputy Governor Shinichi Uchida played down the chance of a near-term hike in interest rates.

In the commodities markets, gold price extends its steady intraday descent heading into the European session on Friday and drops to a fresh daily low, around the \$2,418-\$2,417 region in the last hour. The upbeat US labor market report released on Thursday, along with Friday's better-than-expected Chinese inflation figures, boosted investors' appetite for riskier assets. This is evident from a generally positive tone across the global equity markets and is seen as a key factor undermining demand for the safe-haven precious metal.

On the other hand, Oil prices edged up in Asian trade on Friday, heading for a weekly gain of more than 3%, as U.S. jobs data calmed demand concerns and fears of a widening Middle East conflict persisted. Brent crude futures rose 9 cents, or 0.11%, to \$79.25 a barrel. U.S. West Texas Intermediate crude futures were up 12 cents at \$76.31 per barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0716	1.1121
GBP/USD	1.2551	1.2954
USD/ZAR	16.3439	20.3573
USD/AED	3.6528	3.6933
USD/JPY	145.04	149.05

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.