



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling firmed slightly against the U.S. dollar on Monday. The shilling was quoted at 128.50/129.50 to the dollar, compared with Friday's closing rate of 128.75/129.75. (Reuters).

Kenyans have resorted to buying cheaper motor vehicles on elevated cost of imports and running expenses including fueling at the pump, fresh official data shows. The number of vehicles imported in the half year ended June rose 16.87 percent to 35,409 but their value dropped slightly, indicating that individuals and second-hand dealers turned to shipping in more cheaper models. The number of vehicle imports increased from 30,297 units a year earlier. The jump came in the period when the value of the vehicle imports amounted to \$418 million (about Sh54.34 billion at current exchange rates) compared with \$424 million (Sh55.12 billion) in the same period a year ago, according to provisional data by Central Bank of Kenya (CBK) and the Kenya Revenue Authority (KRA). The drop in the value of motor vehicle imports bucked a trend in orders for machinery and transportation equipment, which grew 28.1 percent to \$1.92 billion (Sh249.6 billion) in the six-month period. The Kenya Auto Bazaar Association, which represents second-hand car dealers, said there has been a trend where buyers are changing preferences based on pricing. This has come a time consumption of motor petrol for the half-year period through June fell 2.9 percent to 986.2 million compared with a year earlier, data from Energy and Petroleum Regulatory Authority shows. This was despite petrol prices falling to an average of Sh189.84 per litre in June from Sh212.36 average in January. (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	160.82	173.82	160.02	174.72
EUR/KES	136.18	150.08	136.48	152.98
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

Most Asian currencies moved little on Tuesday as the dollar tread water in anticipation of key inflation data due later in the day. Dollar steadies with CPI data on tap. The dollar index and dollar index futures moved little in Asian trade, extending a sluggish overnight performance as anticipation of the inflation data deterred big bets. Consumer price index data, due on Wednesday, is expected to show inflation cooled slightly in July- a scenario that gives the Federal Reserve more headroom to begin cutting interest rates. Lower rates bode poorly for the dollar. A softer inflation reading could also spark renewed concerns over a U.S. recession, inviting even deeper interest rate cuts from the Fed. Traders are split over a 25 or 50 basis point cut by the Fed in September, with July's inflation reading likely to factor into the decision. Beyond the inflation data, industrial production and retail sales data is also on tap this week.

On the other hand, the EUR/USD eased up 0.16% to \$1.0933. while GBP/USD traded flat at 1.2759 at the start of a busy U.K. economic data calendar this week, as investors look for clues as to whether the Bank of England will continue its rate-cutting cycle next month. USD/JPY rose 0.4% to 147.25, pulling back further from a stellar rally over the past month. USD/CNY climbed 0.2% to 7.1811, with the yuan slowly retreating. Focus this week is on Chinese industrial production and retail sales data, for more cues on the country's biggest economic engines.

In the commodities markets, Oil prices edged lower on Tuesday, breaking a five-day streak of gains, as markets refocused on concerns about demand after OPEC on Monday cut its forecast for demand growth in 2024 due to softer expectations in China. Global benchmark Brent crude futures fell 78 cents, or 0.95%, to \$81.52 a barrel. U.S. West Texas Intermediate crude futures slipped to \$79.33 a barrel, down 73 cents, or 0.91%. Brent had gained more than 3% on Monday, while U.S. crude futures had risen more than 4%.

On the other hand, gold prices steadied in Asian trade on Monday, remaining close to record highs as traders awaited more cues on U.S. interest rates from key inflation data due later in the week. Spot gold rose 0.1% to \$2,433.62 an ounce, while gold futures expiring in December steadied at \$2,472.20 an ounce. Gold steadies with CPI data on tap. Spot gold was also less than \$50 away from a record high. But further gains in the yellow metal were held back by anticipation of consumer price index inflation data due on Wednesday. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0739	1.1140
GBP/USD	1.2577	1.2980
USD/ZAR	16.2250	20.2408
USD/AED	3.6526	3.6934
USD/JPY	145.71	149.72

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