



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was flat against the U.S. dollar on Wednesday, as foreign-currency inflows for a bond auction matched reduced dollar demand from manufacturers and fuel importers. Commercial banks quoted the shilling at 128.75/129.75 per dollar, the same level it closed on Tuesday. On Wednesday the central bank auctioned 50 billion Kenyan shillings of infrastructure bonds. (Reuters).

Pump prices have remained unchanged for the first time this year. ending months of successive price cuts that consumers have enjoyed since December last year. The Energy and Petroleum Regulatory Authority (EPRA) kept pump prices unchanged for a litre of petrol and diesel at Sh188.84 and Sh171.60 respectively in Nairobi. This came despite the shilling strengthening against the dollar with EPRA applying an exchange rate of 130.83 units to the dollar compared to 129.06 units used last month. The landed costs of petrol marginally fell 1.06 percent to \$708.47 per tonne while that of diesel rose 1.62 percent to \$693.82 for the same quantity. Kenyans have enjoyed successive price cuts in the cost of fuel since December last year, significantly easing inflationary pressure on the economy. "In the period under review, the maximum allowed petroleum pump prices for petrol, diesel and kerosene remain unchanged," Daniel Kiptoo, the Director General of EPRA said in the pricing schedule gazetted on Wednesday evening. (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	161.64	174.64	160.84	175.54
EUR/KES	137.12	151.02	137.42	153.92
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 dollar was on the back foot on Thursday, with the euro perched near an eight-month high after data showed U.S. inflation was slowing, underpinning wagers that the Federal Reserve could lower borrowing costs next month. In the U.S., data on Wednesday showed the consumer price index rose moderately, in line with expectations, and the annual increase in inflation slowed to below 3% for the first time since early 2021. The figures add to the mild increase in producer prices in July in suggesting that inflation is on a downward trend, although traders are now anticipating the Fed to be not as aggressive on rate cuts as they had hoped. Josh Chastant, portfolio manager for public markets at Guidestone Funds, said both the U.S. CPI and PPI data pointed to a 25-basis point (bps) cut by the Fed in September. The dollar index, which measures the U.S. unit versus six rivals, was last at 102.6, not far from the eight-month low of 102.15 it touched last week. The index is on course for its fourth straight week in the red, a run it last had in March-April 2023.

On the other hand, the EURUSD was steady at \$1.10110 in early trading, hovering close to \$1.10475, the highest since early January it touched on Wednesday. The European Central Bank started cutting interest rates in June, and many expect the policymakers to agree to another reduction in September, although rising inflation would make this more unlikely. GBPUSD was little changed at \$1.2826 after dipping on Wednesday as a softer-than-expected reading on British consumer price inflation supported expectations of further interest rate cuts from the Bank of England this year. USD/JPY rose 0.2% to 147.15, steadying after strong overnight gains, although further strength in the yen was limited by improved risk appetite.

In the commodities markets, Gold prices rose in Asian trade on Thursday, remaining close to record highs as softer-than-expected U.S. consumer inflation data spurred bets that the Federal Reserve will begin trimming rates. Spot gold rose 0.2% to \$2,452.56 an ounce, while gold futures rose 0.4% to \$2,490.40 an ounce. Gold close to record high, Sept rate cut in focus.

On the other hand, Oil prices rose on Thursday, supported by optimism potential U.S. interest rate cuts will boost economic activity and fuel consumption though concerns over slower global demand curbed gains. Brent crude futures climbed 17 cents, or 0.21%, to \$79.93 a barrel by 0348 GMT, recovering some of the previous day's losses. U.S. West Texas Intermediate crude increased by 21 cents, or 0.27%, to \$77.19 per barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0811	1.1213
GBP/USD	1.2640	1.3048
USD/ZAR	16.0593	20.0645
USD/AED	3.6526	3.6933
USD/JPY	145.16	149.16

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