



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Friday, but it is expected to come under pressure from foreign-currency demand from the manufacturing sector. Commercial banks quoted the shilling at 128.50/129.50 to the dollar, the same level it closed on Thursday. Foreign-currency inflows for a 50 billion Kenyan shilling infrastructure bond auction earlier this week have helped support the local unit in recent sessions. (Reuters).

Kenya's external public debt dropped by Sh939 billion in the six months to June 2024, as the shilling appreciated against major foreign currencies. The external debt dropped from Sh6.089 trillion as of the end of December 2023 to Sh5.15 trillion on June 30, 2024, latest reports from the National Treasury show. "Comparing the stock of external debt as of June 2024 and December 2023, it is noted that the external debt stock had reduced by approximately Sh939 billion (15.4 percent) majorly due to strengthening of the Kenya shilling exchange rate against major currencies during the period," said the Treasury in submissions to the National Assembly's Public Debt and Privatization Committee last month. In the six months to the end of June, the shilling gained between 15 percent and 22 percent value against different foreign currencies through which the government has borrowed. Overall, Kenya's public debt totaled Sh10.56 trillion, composed of Sh5.15 trillion external debt and Sh5.41 trillion domestic debts. "This represents a decline in Sh579 billion from Sh11.14 trillion or 69.1 percent of GDP in nominal terms as of end of December 2023," said the Treasury. (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	163.11	176.11	162.31	177.01
EUR/KES	137.54	151.44	137.84	154.34
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 lower Friday, handing back some of the previous session's hefty gains after the release of solid retail sales downplayed concerns about an imminent U.S. recession. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower to 102.725, after climbing 0.4% overnight, its biggest one-day gain in four weeks. Benign inflation data last week pointed to the U.S. Federal Reserve starting to cut interest rates at its next meeting in September. But the stronger-than-expected July retail sales release soothed concerns that the central bank was behind the curve and would have to aggressively cut interest rates to prevent a recession. This week's highlight is the Federal Reserve's annual Jackson Hole symposium, where Chairman Jerome Powell will have the opportunity to steer markets ahead of the next Fed policy-setting meeting. The Fed has maintained its benchmark overnight interest rate in the current 5.25%-5.50% range since last July, after hiking its policy rate by 525 basis points since 2022.

On the other hand, GBP/USD traded 0.3% higher at 1.2891, after data showed British retail sales rose in July, rebounding after a disappointing June. Retail sales volumes rose 0.5% in July after falling 0.9% in June and were 1.4% greater than a year earlier, the Office for National Statistics said. EUR/USD traded 0.1% higher to 1.0981, bouncing following a 0.4% slide in the previous session, but still near this week's high of 1.1047, its highest level this year. USD/JPY fell 0.4% to 148.75. USD/CNY fell 0.1% to 7.1673.

In the commodities markets, Oil prices eased in early Asian trading on Monday as fears of weaker demand in top oil importer China weighed on market sentiment while investors focus on the progress of ceasefire talks in the Middle East, which could reduce supply risks. Brent crude futures dropped 13 cents, or 0.2%, to \$79.55 per barrel. U.S. West Texas Intermediate crude futures slid 13 cents, or 0.2%, to \$76.52 a barrel.

On the other hand, Gold prices rose strongly Friday, climbing to new highs as persistent expectations of interest rate cuts by the Federal Reserve kept the yellow metal in demand. Spot gold rose 1.5% to \$2,493.86 an ounce, while gold futures gained 1.6% to \$2,533.10 an ounce. Both benchmarks are on course for weekly gains of over 2%. Persistent concerns over an all-out war in the Middle East, between Iran and Israel, also kept some safe haven demand for gold in play.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0844	1.1247
GBP/USD	1.2756	1.3161
USD/ZAR	15.8222	19.8359
USD/AED	3.6528	3.6931
USD/JPY	143.77	147.79

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