



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Monday as foreign exchange demand eased. Commercial banks quoted the shilling at 128.50/129.50 to the dollar, the same level it closed on Friday. (Reuters).

The national government's outstanding pending bills rose by Sh29.4 billion in the three months to June 2024, despite the Kenya Kwanza administration's talk of eliminating the sticky arrears to suppliers, including contractors. According to the latest disclosures by the National Treasury, the stock of national government pending bills hit Sh516.3 billion in June from Sh486.9 billion in March. The rise comes amid the continuing inquiry into the substance of the arrears by the Pending Bills Verification Committee, instituted in June 2023 to audit liabilities falling between 2005 and 2022.

On other local news the cost of fertiliser is still beyond the reach of many farmers across the country posing the risk of low-quality produce, despite efforts by the government to introduce subsidized fertilisers, according to The latest Agriculture Survey by the Central Bank of Kenya (CBK). The survey found that farmers face several barriers in accessing farm inputs, but the most severe is the high costs – especially in relation to fertilizer, seeds, and pesticides. More than 90 percent of the sampled farmers cited the high cost of farm inputs was cited by as a binding constraint to accessing farm inputs. (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	163.45	176.45	162.65	177.35
EUR/KES	137.97	151.87	138.27	154.77
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 wobbled near a seven-month low on Tuesday on wagers the U.S. central bank will start cutting interest rates from next month, with traders bracing for comments from Federal Reserve Chair Jerome Powell on Friday. The weakness in the dollar lifted the euro to its highest this year, while sterling was perched near a one-month peak. The MSCI's emerging markets currency index also hit a record high. The focus this week will be on Powell's speech in Jackson Hole, likely keeping investors hesitant in placing major bets before the event. Minutes of the Fed's last meeting due to be released on Wednesday will also be in the spotlight. Investors largely expect Powell to acknowledge the case for a rate cut and will parse his words for cues on whether the Fed will start with a 25 basis point cut or a 50 bps cut in September. The dollar index, which measures the U.S. currency against six rivals, was last at 101.95 after touching its lowest since Jan. 2 of 101.82 earlier on Tuesday.

On the other hand, the EURUSD last fetched \$1.10775 on Tuesday having touched \$1.108775, its highest since Dec. 28 in early trading. The single currency is up 2.4% this month, on course for its strongest monthly performance since November. GBPUSD was steady at \$1.2979 in Asian hours after touching a one-month high of \$1.2998 in the previous session. The AUDUSD last fetched \$0.6719, while the NZDUSD was at \$0.61205. USDJPY dips further on Monday, adding to signals that corrective phase off 141.68 (Aug 5 spike low) is likely over.

In the commodities markets, Oil prices edged lower on Tuesday as Israel accepted a proposal to tackle disagreements blocking a ceasefire deal in Gaza, helping ease concerns over supply disruptions in the Middle East. Brent crude was down 67 cents, or 0.86%, at \$76.99 a barrel, as. Front month U.S. West Texas Intermediate crude futures, which expire on Tuesday, were at \$73.75 a barrel, easing 62 cents, or 0.8%. The more actively traded second month contract was last down 63 cents or 0.86% at \$73.03 a barrel.

On the other hand, Gold held steady near its record high on Tuesday as investors awaited U.S. Federal Reserve minutes and Chair Jerome Powell's speech for indications on how much the central bank will cut rates this year. Spot gold was flat at \$2,503.05 per ounce, slightly below an all-time high of \$2,509.65 hit on Friday. U.S. gold futures were nearly unchanged at \$2,540.90. Among other metals, spot silver fell 0.4% to \$29.36 per ounce. Platinum gained 0.4% to \$957.08, and palladium shed 0.7% to \$925.47.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0873	1.1274
GBP/USD	1.2775	1.3176
USD/ZAR	15.7314	19.7464
USD/AED	3.6526	3.6933
USD/JPY	145.27	149.30

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