



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21<sup>ST</sup> AUGUST 2024

### DOMESTIC NEWS

Kenya's shilling was little changed against the U.S. dollar on Tuesday in a quiet session. Commercial banks quoted the shilling at 128.25/129.25 to the dollar, near the level it closed on Monday. (Reuters).

Multinational companies holding significant stakes in Kenya's listed firms booked substantial foreign exchange gains on gross dividends earned in the 2023 financial year after the shilling strengthened against the dollar. The gains reversed some of the forex losses the companies had suffered a year earlier when repatriating their dues abroad. An analysis of 15 Nairobi Securities Exchange (NSE) firms that have foreign majority owners or parent firms shows that the dividends earned by these owners rose by 13.4 percent or Sh5.9 billion to Sh49.88 billion in 2023, when compared to earnings a year earlier. When converted to dollars at the prevailing exchange rates at the various dates of payment, these dividends rose by 19 percent or \$59.5 million to \$379 million.

In other local news, Ride-hailing firm Uber has raised its ride charges including the minimum fare, ceding to pressure from its drivers who have protested its prices for months, and even resorted to setting their own rates in recent weeks. In an announcement Monday, Uber said the price rise would cut across all its products, revealing a 10 percent adjustment on minimum fares. (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 | 164.04   | 177.04    | 163.24 | 177.94  |
| EUR/KES | 138.54   | 152.44    | 138.84 | 155.34  |
| 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 slipped lower Tuesday, falling close to seven-month lows amid growing conviction that the Federal Reserve will cut interest rates in September. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.3% lower to 101.667, trading near its lowest level since early January. The greenback has fallen over 2% over the course of the last month, in tandem with U.S. Treasury yields, amid growing optimism that the U.S. central bank will cut interest rates in September. Fed Chair Jerome Powell is set to speak at the Jackson Hole symposium on Friday, and traders are looking for more clues as to when and by how much the central bank will cut rates. The Fed has maintained its benchmark overnight interest rate in the current 5.25%-5.50% range since last July, and traders have fully priced in a 25-basis-point rate cut from the Fed in September, with a 24.5% chance of a 50 bp move.

On the other hand, In Europe, EUR/USD traded largely unchanged at 1.1086, with weakness in the dollar lifting the euro to its highest this year. The single currency is up around 2% this month and is on course for its strongest monthly performance since November. GBP/USD traded 0.2% higher at 1.3009, climbing to a one-month high with sterling benefiting from dollar weakness. In Asia, USD/JPY fell 0.1% to 146.35, close to the previous sessions near two-week high, but a fair distance away from the seven-month low of 141.67 it touched at the start of August. USD/CNY traded flat at 7.1395, taking little support from the People's Bank of China keeping its benchmark loan prime rate on hold as expected.

In the commodities markets, Oil prices slipped on Wednesday on estimates showing swelling U.S. crude inventories and expectations that tensions in the Middle East were easing following a tour of the region by mediators. Brent crude futures fell 9 cents, or 0.1%, to \$77.11 a barrel. U.S. West Texas Intermediate crude dipped 12 cents, or 0.2%, to \$73.05 per barrel.

On the other hand, gold prices steadied in Asian trade on Wednesday after hitting record highs this week as the prospect of lower U.S. interest rates battered the dollar and spurred more flows into the yellow metal. Broader metal prices also advanced, benefiting from a softer dollar and falling Treasury yields, although their pace of gains slowed amid a broader risk-off move in markets. Spot gold rose 0.1% to \$2,515.44 an ounce, while gold futures expiring in December rose 0.1% to \$2,553.35 an ounce. Spot prices hit a record high of \$2,531.72 an ounce on Tuesday. (Reuters).

### Indicative Cross Rates

|         | Bid     | Offer   |
|---------|---------|---------|
| EUR/USD | 1.0919  | 1.1320  |
| GBP/USD | 1.2825  | 1.3230  |
| USD/ZAR | 15.7973 | 19.8029 |
| USD/AED | 3.6526  | 3.6933  |
| USD/JPY | 143.66  | 147.72  |

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