



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was little changed against the U.S. dollar on Wednesday in a quiet session. Commercial banks quoted the shilling at 128.50/129.50 to the dollar, near the level it closed on Tuesday. (Reuters).

Kenya has extended a freeze on a two percent levy on imports of cereals, including maize, rice, and wheat, from East African Community (EAC) member states amid a fallout with traders. Agriculture Food Authority (AFA) Director-General Bruno Linyiru said the freeze will be in place for another month to allow the regulator to address concerns that were raised by traders who were opposed to the tax.

In other local news, non-bank private sector companies intend to shed 19 percent of the workforce they had last year, a July 2024 survey by the Central Bank of Kenya found, extending a run of cost-cutting measures in a tough economy. This is an increase compared to March and May when top officials of non-bank executives told the CBK they would trim 18 percent of the staff they had last year. It is also a change compared to the start of the year when employers in non-bank sector had indicated they would offload 15 percent of workers they had in 2023. (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	164.79	177.79	163.99	178.69
EUR/KES	138.85	152.75	139.15	155.65
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 June 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar edged higher in early European trade Wednesday but remains close to seven-month lows as minutes from the last Federal Reserve meeting and likely revisions to payrolls data are set to point to an interest rate cut in September. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher to 101.370, having earlier fallen to its lowest level since Jan. 2. It had fallen 0.5% or more in each of the previous three sessions. The dollar has been under pressure, falling over 2% over the course of the last month, with U.S. bond yields falling to a more-than-one-year trough after surprisingly soft monthly jobs figures sparked recession fear. This brings the revised payrolls data, due later Wednesday, firmly in focus, with the potential of a hefty downwards revision weighing heavily on the dollar.

On the other hand, In Europe, EUR/USD traded 0.1% lower to 1.1120, just off a high of 1.1133, the highest level since Dec. 28. The single currency is up over 2% this month and is on course for its strongest monthly performance since November. GBP/USD traded 0.1% lower to 1.3020, just below the previous session's high of 1.3054, a level last seen in July of last year. Data released earlier Wednesday showed that U.K. government borrowing surged by more than expected in July, with public sector net borrowing standing at £3.1 billion last month, £1.8 billion more than a year ago and the highest July borrowing since 2021. In Asia, USD/JPY rose 0.5% to 146.01, but remained well below the highs of 160 hit earlier this year.

In the commodities markets, Oil prices fell for a fifth session on Thursday as global demand concerns exerted pressure on the market despite a decline in U.S. fuel inventories. Brent crude futures slipped 9 cents to \$75.96 a barrel, while U.S. West Texas Intermediate crude futures fell 19 cents to trade at \$71.74. The front-month WTI contract for October has dropped 6.9% since Aug. 15, while Brent futures are down 6.4% over the same period.

On the other hand, gold prices fell from record highs in Asian trade on Thursday as a rally in the yellow metal cooled, with market focus remaining on U.S. interest rate cuts and brewing fears of a recession. The yellow metal surged to record highs this week amid growing conviction that the Federal Reserve will begin cutting rates in September. But a mix of profit-taking and a rebound in the dollar pulled gold off its peaks on Thursday. Spot gold fell 0.5% to \$2,500.55 an ounce, while gold futures expiring in December fell 0.4% to \$2,547.05 an ounce. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0941	1.1342
GBP/USD	1.2879	1.3286
USD/ZAR	15.8932	19.9061
USD/AED	3.6523	3.6933
USD/JPY	143.19	147.19

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. The rates quoted includes the Banks mark up. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.