



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD AUGUST 2024

DOMESTIC NEWS

Kenya's shilling held steady against the U.S. dollar on Thursday, as foreign currency inflows matched demand from manufacturing and other sectors. LSEG data quoted the shilling at 128.50/129.50 to the dollar, the same level as it closed on Wednesday. (Reuters).

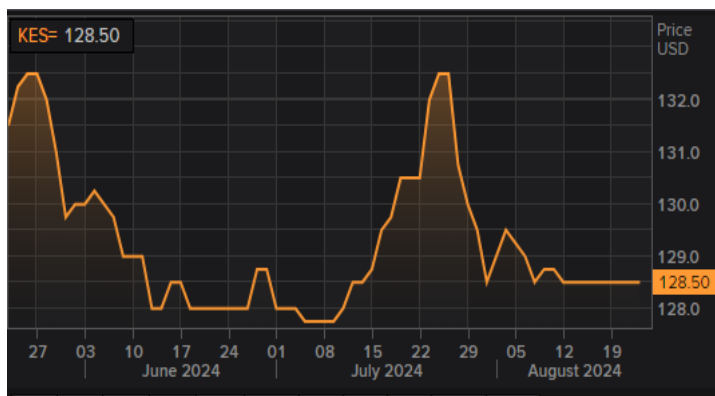
The State has now set the national average price of sugarcane delivered to millers at Sh5,000 per tonne for August, walking back on an earlier rate of Sh4,950 and hoping to tame disquiet among growers. The new pay rate is however still lower than the Sh5,125 that farmers earned for a tonne of the crop supplied in June and remains the lowest since the start of the year.

In other local news, The Kenya Airports Authority (KAA) sank into a Sh4.2 billion net loss for the year to June 2023, hit by a Sh5.4billion payoff to a joint venture of Chinese contractors as part of an out of court settlement for the cancellation of a tender to build a second terminal at Jomo Kenyatta International Airport (JKIA) nine years ago. The loss marks a major drawback for KAA, which had posted a Sh43.3 million net profit the previous financial year. (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 | 165.13 | 178.13 | 164.33 | 179.03 |
| EUR/KES | 138.61 | 152.51 | 138.91 | 155.41 |
| 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 dollar rebounded from a 13-month low against the euro on Thursday before Federal Reserve Chair Jerome Powell is due to speak on Friday and as the greenback's recent weakness was seen as being overdone. The U.S. currency has fallen on concerns about a weakening economy and on expectations the Federal Reserve is close to cutting interest rates. But the extent of the weakness, and whether it will lead the U.S. central bank to cut rates by 25 or 50 basis points at its September meeting, remains in question. The dollar index was last up 0.38% at 101.50. It reached 100.92 on Wednesday, the lowest since Dec. 28.

On the other hand, the euro fell 0.36% to \$1.111. It hit \$1.11735 on Wednesday, the highest since July 2023. Data earlier on Thursday showed that euro zone business activity showed surprising strength in August despite firms raising prices, while euro zone negotiated wage growth slowed last quarter. Sterling hit a 13-month high against the greenback following a report showing that British business activity accelerated this month and cost pressures eased to their weakest in over three years. Sterling was last up 0.02% at \$1.3093, after earlier reaching \$1.3130. It is approaching the \$1.3144 top reached in July 2023, which, if broken, would take it to the highest level since April 2022. The dollar strengthened 0.65% to 146.2 Japanese yen.

In the commodities markets, Oil prices were little changed on Friday, on track to end the week lower, as downward revisions to U.S. employment data raised concerns over demand and renewed ceasefire talks in Gaza eased worries about supply disruptions. Both Brent crude futures and U.S. West Texas Intermediate (WTI) crude futures were up 10 cents, or 0.1% each. Brent futures, which has shed about 3% so far this week, was at \$77.32 a barrel, and WTI, which has lost nearly 5%, was at \$73.11.

On the other hand, gold prices rose in Asian trade on Friday but were nursing a tumble from record highs in the prior session as caution before an address by Federal Reserve Chair Jerome Powell lent some support to the dollar. The yellow metal raced to record highs earlier this week amid growing conviction that the Fed will begin cutting interest rates from September. Spot gold rose 0.4% to \$2,495.52 an ounce, while gold futures expiring in December rose 0.6% to \$2,530.70 an ounce. Spot prices were down slightly this week after hitting a record high of \$2,531.72 an ounce. (Reuters).

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0927 | 1.1328 |
| GBP/USD | 1.2912 | 1.3316 |
| USD/ZAR | 15.9752 | 19.9872 |
| USD/AED | 3.6523 | 3.6934 |
| USD/JPY | 143.66 | 147.68 |

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