



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH AUGUST 2024

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Friday, as the dollar was hit by a lull in demand. LSEG data quoted the shilling at 128.50/129.50 to the dollar, the same level as it closed on Thursday. (Reuters).

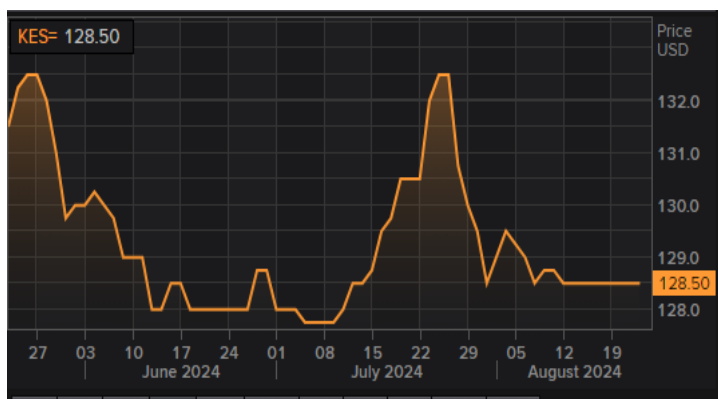
The strengthening of the Kenya shilling in the six months to June lifted earnings for Nairobi Securities Exchange (NSE)-listed firms with dollar-denominated loans. Data showed that five companies with such facilities including TPS Eastern Africa, Car and General, Kenya Airways, Umeme, and Sameer Africa booked a combined Sh6.2 billion in unrealised exchange gains from foreign currency loans held, contrasting to losses of Sh15.9 billion from a weaker local unit at the same time last year.

In other local news, Global credit ratings agency S&P downgraded Kenya's rating on Friday to "B-" from "B," citing the recent repeal of the Finance Bill 2024, which it said will slow its fiscal consolidation. S & P said that the downgrade reflected their view that Kenya's medium-term fiscal and debt outlook will deteriorate following the government's decision to rescind all tax measures proposed under the 2024-2025 Finance Bill. (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	166.29	179.29	165.49	180.19
EUR/KES	139.37	153.27	139.67	156.17
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 slipped lower in early European trade Friday, as a rebound from seven-month lows faltered, ahead of Fed Chair Jerome Powell's eagerly anticipated speech at the Jackson Hole symposium. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower to 101.245, not far removed from lowest levels since Jan. 2. The dollar saw a small rebound earlier in the week but has still registered losses of around 1% this week, heading for its fifth consecutive losing week. This weakness followed concerns about a weakening economy and on expectations the Federal Reserve is close to cutting interest rates.

On the other hand, In Europe, EUR/USD traded 0.1% higher to 1.1123, not far from the 13-month high it touched on Wednesday. Eurozone consumers' inflation expectations over the next 12 months remained steady for the third month in a row in July, a European Central Bank survey showed on Friday. GBP/USD traded 0.3% higher to 1.3129, just shy of the 13-month high it hit on Thursday after the release of strong activity data for August. Markets are now pricing in more rate cuts from the Fed by year-end than for the European Central Bank or Bank of England. In Asia, USD/JPY fell 0.2% to 145.99, with the yen in demand after the Bank of Japan's Ueda said that short-term interest rates were still too low and needed to be brought up further to hit neutral levels.

In the commodities markets, Oil prices extended gains on Monday on fears a major spillover in fighting from the Gaza conflict into the Middle East could disrupt regional oil supplies, while imminent U.S. interest rate cuts lifted the global economic and fuel demand outlook. Brent crude futures climbed 53 cents, or 0.7%, to \$79.55 a barrel while U.S. crude futures were at \$75.34 a barrel, up 51 cents, or 0.7%.

On the other hand, gold prices fell slightly in Asian trade on Monday, but remained in sight of record highs last week as the prospect of lower U.S. interest rates battered the dollar and presented a brighter outlook for metal markets. The yellow metal had surged to record highs last week, headlining gains across metal markets as traders welcomed dovish comments from the Federal Reserve. Some safe haven demand also buoyed gold as ceasefire talks between Israel and Hamas yielded few results, while hostilities in the Middle East persisted. Spot gold fell 0.1% to \$2,509.88 an ounce, while gold futures expiring in December fell 0.1% to \$2,545.10 an ounce. Spot prices hit a record high of \$2,532.05 an ounce last week. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0983	1.1384
GBP/USD	1.2996	1.3403
USD/ZAR	15.7539	19.7577
USD/AED	3.6524	3.6934
USD/JPY	142.13	146.13

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.