



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH AUGUST 2024

DOMESTIC NEWS

The Kenyan shilling strengthened a little on Wednesday, with foreign exchange inflows from tea exporters slightly outweighing month-end demand from the manufacturing sector. The shilling at 128.25/129.25 to the U.S. dollar, compared to 128.50/129.50 at the close of Tuesday's session. (Reuters).

Tax collections in July grew at the slowest pace in over a decade, excluding the Covid-19 pandemic period, signifying the effects of business disruptions following the deadly Gen Z protests, as the Treasury increased reliance on costly overdrafts. Data released by Treasury Cabinet Secretary John Mbadi shows that tax collection in the first month of the fiscal year grew 2.87 percent to Sh159.51 billion compared to the same period last year. The private sector activity dropped in July, according to a monthly business survey that illustrated the effects of the anti-government protests, which hurt confidence in the economy and disrupted business.

In other local news, Kenya is poised to be East Africa's top investment hotspot for private equity (PE) firms in the next 12 months, a survey shows, driven by the government's push to privatize key firms in diverse sectors such as energy, hospitality, and manufacturing. The 2024 Deloitte Africa Private Equity Confidence Survey shows 28 percent of the polled PE funds say they will focus on Kenya in the next year, making it the most attractive followed by Tanzania and Uganda tied at 22 percent each. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.75	133.75	123.75	133.75
GBP/KES	166.09	179.09	165.29	179.99
EUR/KES	138.47	152.37	138.77	155.27
AED/KES	31.06	44.06	33.06	44.56

	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

Dollar rebound cools with GDP, PCE tests on tap. The dollar index and dollar index futures both fell 0.1% in Asian trade as a rebound from 13-month lows cooled. Focus turns to a revised reading on gross domestic product data for the second quarter, due later on Thursday, for more insight into the U.S. economy. The first reading on Q2 GDP had shown the U.S. economy remained resilient, spurring hopes that the world's biggest economy was set for a soft landing. But robust growth also gives the Fed less impetus to cut interest rates sharply. PCE price index data- the Fed's preferred inflation gauge- is due on Friday and is likely to factor into the outlook for interest rates.

On the other hand, EURUSD inched back toward its 13-month high and last bought \$1.1135. Sterling fell 0.6% to \$1.3186, after hitting its highest since March 2022 on Tuesday as traders bet the Bank of England will go slower on monetary policy easing than the Fed. The USDJPY pair hovered around 144.56 yen after falling as low as 143 yen on Tuesday. The yen was buoyed by persistent bets that the Bank of Japan will raise interest rates further this year, following a string of hawkish signals from BOJ officials. Focus is now on consumer price index data from Tokyo, due Friday.

In the commodities markets, Gold prices rose in Asian trade on Thursday, staying close to record highs as a rebound in the dollar cooled ahead of key inflation data that is likely to factor into the outlook for interest rate cuts. Some safe haven demand also buoyed bullion prices, especially after some underwhelming earnings from market darling NVIDIA Corporation. Spot gold rose 0.4% to \$2,515.76 an ounce, while gold futures expiring in December rose 0.4% to \$2,515.91 an ounce. Gold remains close to record highs before inflation, GDP. Spot prices were less than \$20 away from a record high of \$2,532.05 an ounce hit last week.

On the other hand, Oil prices edged up on Thursday after two sessions of losses, as supply concerns over Libya returned to focus, although countered by a smaller-than-expected draw in U.S. crude inventories that sapped demand expectations. Brent crude futures climbed 9 cents, or 0.11%, to stand at \$78.74 a barrel, while U.S. West Texas Intermediate crude futures were up 15 cents, or 0.2%, at \$74.67. Worries over disruption in supplies from Libya, a member of the Organization of the Petroleum Exporting Countries (OPEC), were positive for the market, some analysts said.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0937	1.1338
GBP/USD	1.3016	1.3423
USD/ZAR	15.7571	19.7642
USD/AED	3.6523	3.6933
USD/JPY	142.57	146.58

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.