



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH AUGUST 2024

DOMESTIC NEWS

The Kenyan shilling was flat on Thursday, as month-end hard-currency demand from the manufacturing sector was offset by foreign investor inflows for the local bond market. LSEG data showed the shilling at 128.25/129.25 to the U.S. dollar, the same as at the close of Wednesday's session. It's very stable as demand and supply seem to be evenly matched. There has also been some good (FX) demand, but offshore flows are coming for the infrastructure bond. The shilling has been relatively steady for several months, after rallying strongly in the first half of 2024 as concerns eased that the East African country would default on a \$2 billion Eurobond that matured in June. (Reuters).

The average price of Kenyan tea sold at the Mombasa auction has dropped by 2.6 percent in the first eight months of 2024, new data shows, as local production of the green leaf rose by 17 percent. Data by Africa Tea Brokers Limited shows that the price of tea at the auction has declined to an average of \$2.2 (Sh283.25) per kilogram since the year began, down from \$2.26 (Sh290.97) during the same period last year. The Mombasa tea auctions are organized by the East African Tea Trade Association. The lower prices of the beverage signal lower earnings for tea farmers this year. This is a double blow to tea growers whose earnings will take a beating from the depreciation of the Kenyan shilling against the US dollar. The Kenyan shilling has rallied against the greenback this year, with a unit exchanging at about Sh128.75 yesterday compared to lows of Sh163 in January. (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	165.51	178.51	164.71	179.41
EUR/KES	137.69	151.59	137.99	154.49
AED/KES	31.05	44.05	33.05	44.55

	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 Thursday, bouncing off recent lows ahead of a series of key economic readings, while the euro retreated. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher to 101.182, having fallen to a 13-month low of 100.51 earlier in the week. The dollar has recovered from recent lows, helped by its safe-haven status on the back of fears of renewed trade tensions between China and the West as well as heightened geopolitical concerns in the Middle East, Libya and Ukraine. However, the U.S. currency remains under pressure given the prospect of lower U.S. rates next month, with the Federal Reserve set to reverse its aggressive tightening cycle which had supported the greenback for most of the last two years. The greenback has fallen some 2.9% for the month thus far, putting it on track for its steepest monthly decline in nine months.

On the other hand, In Europe, EUR/USD traded 0.4% lower to 1.1079, after preliminary data from German states pointed to a drop in national inflation this month, as well as the wider eurozone number. The inflation rate in North Rhine-Westphalia, Germany's most populous state, fell to 1.7% in August from 2.3% in July, and there were similar falls in the other states. GBP/USD traded flat at 1.3188, not far from Tuesday's peak of 1.3269, its strongest level since March 2022. In Asia, USD/JPY rose 0.1% to 144.72, steadying after recording a strong rally earlier this week. 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, But inflation data from the country somewhat ducked the BOJ's expectations for a steady uptick in inflation.

In the commodities markets, gold prices fell slightly in Asian trade on Friday, but remained close to record highs as markets awaited more cues on interest rates from key U.S. inflation data due later in the day. But bullion prices were set for strong gains in August, as a mix of safe haven demand and expectations of interest rate cuts put the yellow metal at record highs. Spot gold fell 0.3% to \$2,514.55 an ounce, while gold futures expiring in December fell 0.5% to \$2,547.80 an ounce.

On the other hand, Oil prices inched higher on Friday as investors weighed supply concerns in the Middle East, although signs of weakened demand limited gains. Brent crude futures for October delivery, which expire on Friday, were up 23 cents, or 0.3%, at \$80.17 a barrel. The more actively traded contract for November rose 20 cents, or 0.2%, to \$79.02. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0875	1.1276
GBP/USD	1.2965	1.3366
USD/ZAR	15.7594	19.7603
USD/AED	3.6526	3.6931
USD/JPY	142.84	146.85

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