



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 02<sup>ND</sup> SEPTEMBER 2024**

**DOMESTIC NEWS**

The Kenyan shilling was unchanged on Friday, with little market activity. LSEG data showed the shilling at 128.25/129.25 to the U.S. dollar, the same as at the close of Thursday's session. No interest was seen on either side and no major tickets on bids or offers. (Reuters).

The Central Bank of Kenya (CBK) has mobilized a further Sh32 billion from the tap sale of two reopened infrastructure bonds in August. This takes the total haul from two auctions of the reopened papers, with tenures of 5.8 and 15.7 years, respectively, in August to Sh120.6 billion. The CBK offered investors a second stab at the longer-dated 17-year bond and saw bids top Sh35.1 billion against a target of Sh15 billion. The tapsale was widely expected to meet the target given the bond's attraction to investors based on its tax-free status.

In other local news, international investors have lowered Kenya's risk of default on medium-term debts on fading anti-government protests which had raised economic uncertainties, hitting private sector activity. Investors late last week bought the country's Eurobond trading on the London Stock Exchange at levels last seen mid-July, signifying a lower credit risk rating. (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	164.98	177.98	164.18	178.88
EUR/KES	137.31	151.21	137.61	154.11
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 slightly higher Friday and was on course to end a five-week losing streak ahead of the release of key inflation data. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher to 101.314, after having climbed to its highest level since Aug. 22 at 101.58 on Thursday. The dollar is on course for a 0.6% gain this week, which would be its best week since the start of April, helped by persistent signs of U.S. economic resilience, after gross domestic product data showed the economy grew more than initially estimated in the second quarter. However, the U.S. currency is still set for a drop of about 2.5% in August, which would be its worst month since November, as traders factored in the Federal Reserve starting a rate-cutting cycle.

On the other hand, In Europe, EUR/USD traded 0.1% higher to 1.1092, after the August eurozone consumer inflation release confirmed signs of slowing inflation. The European Central Bank started cutting interest rates in June, and a sharp drop in inflation is likely to prompt policymakers to cut once more next month. GBP/USD gained 0.2% to 1.3188, close to its strongest level since March 2022, boosted by expectations that the Bank of England will keep interest rates high for longer than in the United States and the eurozone. The BoE cut rates by 25 basis points on Aug. 1 to 5% and money markets price in a further 40 bps of cuts by year-end. In Asia, USD/JPY steadied at 145.01, close to lows hit in early-August, during the peak of the pro-yen trade. Consumer price index data from Tokyo showed inflation grew slightly more than expected in August, with core inflation moving back towards the Bank of Japan's 2% annual target amid improving private spending.

In the commodities markets, gold price (XAU/USD) extends its decline below the \$2,500 psychological level on Monday. The firmer Greenback after the US July's Personal Consumption Expenditures (PCE) Index has weighed on the precious metal. Furthermore, the concerns about the sluggish economy in China, the world's top buyer of Gold, contribute to the precious metal's downside.

On the other hand, Oil prices extended losses on Monday on expectations for higher OPEC+ production starting in October and as signs of sluggish demand in China and the U.S., the world's two largest oil consumers, raised concerns about future consumption growth. Brent crude futures fell 61 cents, or 0.8%, to \$76.32 a barrel by 0450 GMT while U.S. West Texas Intermediate crude slipped 52 cents, or 0.7%, to \$73.03 a barrel. (Reuters).

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0855	1.1256
GBP/USD	1.2929	1.3334
USD/ZAR	15.8536	19.8680
USD/AED	3.6528	3.6931
USD/JPY	144.19	148.19

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