



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH SEPTEMBER 2024

DOMESTIC NEWS

Kenya's shilling was unchanged on Tuesday, as it was expected to strengthen, helped by tea export dollar inflows. Commercial banks quoted the shilling at 128.25/129.25 per dollar, the same level as Monday's closing. (Reuters).

President William Ruto has dropped the French and is courting China for the dualling of the Nairobi–Malaba highway that his predecessor Uhuru Kenyatta had offered to a consortium of French firms. Dr Ruto, who is in Beijing for a summit of African leaders, said his host Xi Jinping had given the green light for technocrats from the two countries to negotiate the finer details of funding and construction of the proposed Rironi-Mau Summit-Malaba dual carriageway.

In other local news, Contractors and suppliers to the government will from this month suffer a slight reduction in payments for the goods and services they deliver, following a new levy that will cut their contract price by 0.03 percent. Through a circular dated August 30, 2024, the Public Procurement Regulatory Authority (PPRA) asked officers across national and county governments to start charging the Public Procurement Capacity Building Levy from September 1, setting in motion the implementation of the levy that was proposed last year. (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	164.86	177.86	164.06	178.76
EUR/KES	137.48	151.38	137.78	154.28
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 steadied Tuesday as investors look forward to the release of key economic data, including Friday's U.S. payrolls, that could cement an interest rate cut from the Federal Reserve later this month. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded largely unchanged at 101.617, just below Monday's two-week high of 101.79. The index fell 2.2% in August on expectations of U.S. rate cuts. The U.S. ISM manufacturing survey later in the session is the first major indicator out in a big week for U.S. data and is expected to show that the country's manufacturing sector remains in contraction territory.

On the other hand, in Europe, EUR/USD traded 0.1% lower to 1.1061, not far from the two-week low of 1.1042 it touched in the previous session after data showed eurozone manufacturing activity remained in contraction territory in August. The European Central Bank cut interest rates in June and looks likely to do so again later this month, particularly after eurozone inflation fell to 2.2% in August, a more than three-year low. GBP/USD dropped 0.2% to 1.3129, with the U.K. data calendar very quiet this week. Sterling had a strong August and has gained over 2% in the last month, boosted by expectations that the Bank of England will keep interest rates high for longer than in the United States and the eurozone. In Asia, USD/JPY fell 0.6% to 146.03, falling back from the two-week high of 147.16 hit on Monday after data showed Japan's factory activity contracted again in August, a private-sector survey showed earlier Monday.

In the commodities markets, gold prices increased in the domestic futures market on Wednesday morning, tracking positive global cues. The prices recovered from the weakness seen in the previous session amid a sell-off in riskier equities after US manufacturing shrank at a moderate pace in August, raising concerns over the US economy losing steam. spot gold rose to \$2,495 per ounce after hitting its lowest level in more than a week on Tuesday.

On the other hand, Oil prices fell on Wednesday, extending a plunge of more than 4% the previous day, on expectations that a political dispute halting Libyan exports could be resolved and concerns over lower global demand growth. Brent crude futures for November fell 37 cents, or 0.5%, to \$73.38, after the previous session's fall of 4.9%. U.S. West Texas Intermediate crude futures for October were down 41 cents, or 0.6%, at \$69.93, after dropping 4.4% on Tuesday. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0854	1.1255
GBP/USD	1.2910	1.3311
USD/ZAR	16.0016	20.0075
USD/AED	3.6527	3.6932
USD/JPY	143.24	147.26

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.