



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 06TH SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan shilling eased slightly on Thursday due to increased importer demand for dollars that outstripped supply from remittances, tea exporters and telecommunications companies. Commercial banks quoted the shilling at 128.50/129.50 per dollar, compared with Wednesday's closing rate of 128.25/129.25. (Reuters).

President Xi Jinping pledged on Thursday to step up China's support across the debt-distressed African continent with funding of nearly \$51 billion, backing for more infrastructure initiatives and a promise to create at least one million jobs. The commitments were made at the Forum on China-Africa Cooperation Summit in Beijing. Beijing, the world's biggest two-way lender, also promised to carry out three times as many infrastructure projects across resource-rich Africa, despite Xi's new preference for "small and beautiful" schemes based around selling advanced and green technologies in which Chinese firms have invested heavily.

In other local news, an initiative to create county aggregation and industrial parks (CAIPs) across Kenya is faltering amid funding cuts, dealing a blow to one of President William Ruto's key strategies to transform the agriculture and manufacturing sectors. The latest details show that while the government planned to establish a CAIP in every county by the end of June next year, only 18 counties are likely to have the crucial county-based centres for value-addition. (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	165.67	178.67	164.87	179.57
EUR/KES	138.22	152.12	138.52	155.02
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 slipped Thursday, struggling to find a foothold after weak economic data raised expectations of an outsized interest rate cut by the Federal Reserve later this month. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower to 101.139, continuing to retreat from the two-week high of 101.79 seen at the start of the week. The U.S. dollar has struggled for friends for most of this week after disappointing U.S. economic data raised the possibility of a hard landing for the largest economy in the world, and thus an aggressive approach from the U.S. central bank in easing monetary policy. The ISM manufacturing survey on Tuesday showed the sector remained in contraction territory, while U.S. job openings dropped to a 3-1/2-year low in July, suggesting the labor market was losing steam. There are weekly jobless claims and ADP private payrolls data to digest later in the session, ahead of the crucial monthly payrolls report on Friday.

On the other hand, EUR/USD traded 0.1% higher to 1.1086, with the single currency helped by German industrial orders unexpectedly rising in July. GBP/USD climbed 0.1% to 1.3157, with the pair over 3.5% higher over the course of the last month, boosted by expectations that the Bank of England will keep interest rates high for longer than in the United States. In Asia, USD/JPY fell 0.1% to 143.62, with the yen helped by safe-haven demand, but also on the view that imminent rate hikes from the Bank of Japan against the tide of a global easing cycle.

In the commodities markets, Oil prices ticked up in Asian trading on Friday, with investors exercising caution ahead of key U.S. employment data as they weighed a big withdrawal from U.S. crude inventories and a delay to production hikes by OPEC+ producers. Brent crude futures rose 13 cents to \$72.82, and U.S. West Texas Intermediate crude futures were up 12 cents, or 0.17%, to \$69.27.

On the other hand, gold price climbed closer to the \$2,524-2,525 supply zone on Thursday amid some follow-through US Dollar (USD) selling, led by bets for a larger interest rate cut by the Federal Reserve (Fed) later this month. A mixed bag of employment data released from the United States (US) this week suggested that the labor market was losing steam and triggered worries about the health of the economy. This, in turn, lifted market expectations about the possibility of a more aggressive policy easing by the Fed, which dragged the USD away from a two-week high touched on Tuesday and benefited the non-yielding yellow metal. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0917	1.1319
GBP/USD	1.2982	1.3383
USD/ZAR	15.6994	19.7064
USD/AED	3.6527	3.6932
USD/JPY	140.60	144.61

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.