



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH SEPTEMBER 2024

DOMESTIC NEWS

Kenya's shilling was unchanged against the dollar on Monday, although it was seen under pressure from renewed hard currency demand by manufacturers and fuel importers. Commercial banks quoted the shilling at 128.25/129.25 per dollar at 0936 GMT, compared with Friday's closing rate. (Reuters).

Kenyans will have to wait for revenue collections to improve and the public debt burden reduced before they can enjoy the lower tax rates proposed by the Treasury Cabinet Secretary, John Mbadi. Mr Mbadi revealed plans by the government to reduce the value added tax (VAT) on goods and services to 14 percent from 16 percent, which would be a major reprieve for firms and households ravaged by the high cost of living. He added that Kenya would reduce corporate income tax to 25 percent from 30 percent in the medium term. The tax reliefs, however, are hinged on increased collections by the Kenya Revenue Authority (KRA) and easing of the debt burden, which stands at above the optimum level recommended by the World Bank and the International Monetary Fund (IMF), after years of borrowing driven by infrastructure construction.

In other local news, Electricity prices have declined by 22.3 percent in the nine months to September, data shows, driven by lower foreign exchange and fuel costs. For instance, a domestic ordinary customer who paid Sh1,841 for 50 units in January is now paying Sh1,429 for the same quantity in September, data by Kenya Power shows.(Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	164.70	177.70	163.90	178.60
EUR/KES	137.52	151.42	137.82	154.32
AED/KES	31.12	44.12	33.12	44.62

	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

Most Asian currencies moved little on Tuesday, while the dollar crept higher in anticipation of key inflation data that is likely to factor into the outlook for U.S. interest rates. Most regional currencies were nursing some losses over the past week as risk appetite was battered by concerns over worsening global economic conditions. But anticipation of U.S. interest rate cuts helped limit overall losses, while also stemming the dollar's advance. But the greenback caught some bids this week, amid positioning before Wednesday's inflation reading. Dollar advances with CPI data, Fed meeting in sight. The dollar index and dollar index futures both rose about 0.1% in Asian trade, after clocking strong gains on Monday. Traders favored the greenback as risk sentiment worsened last week, while anticipation of key consumer price index inflation data, due on Wednesday, also spurred flows into the dollar.

On the other hand, GBP/USD has entered a consolidative mode below 1.3100 early Tuesday. A negative shift in risk sentiment hinders the pair's upside amid the recent US Dollar strength. The EUR/USD pair recovers a few pips from a one-week low, around the 1.1030-1.1025 area touched during the Asian session on Tuesday and for now, seems to have snapped a two-day losing streak. USDJPY pair hovered around 143.22 yen, having fallen sharply last week amid increased safe haven demand for the yen.

In the commodities markets, Gold prices fell slightly in Asian trade on Tuesday but remained close to recent peaks as traders awaited key U.S. inflation data for more cues on the Federal Reserve's plans to begin cutting interest rates. The yellow metal benefited from safe haven buying following a severe risk-off move across markets last week, which was triggered by concerns over slowing economic growth. Spot gold fell 0.1% to \$2,502.07 an ounce, while gold futures expiring in December fell 0.1% to \$2,531.0 an ounce.

On the other hand, Oil prices edged down on Tuesday as weak Chinese demand offset supply disruptions from Tropical Storm Francine and as global oil oversupply risks continued to weigh on the market. Brent crude futures were down 4 cents, or 0.06%, to \$72.80 a barrel. U.S. West Texas Intermediate crude futures lost 10 cents, or 0.15%, to trade at \$68.60 a barrel. Both benchmarks gained around 1% at Monday's settlement. The U.S. Energy Information Administration is also set to publish its short-term energy outlook with forecasts about the global market and U.S. crude oil output. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0836	1.1236
GBP/USD	1.2879	1.3282
USD/ZAR	15.8326	19.8550
USD/AED	3.6527	3.6932
USD/JPY	141.22	145.24

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.