



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was broadly steady against the U.S. dollar on Tuesday, with the supply of foreign exchange matched by demand from all sectors in a muted session. Data from London Stock Exchange Group (LSEG) indicated the shilling trading at 128.30/129.30 to the dollar, slightly different from Monday's close of 128.25/129.25. The shilling has been relatively stable for several months, after a strong rally 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 controller of Budget noted that there was an average monthly charge of Sh802.5 million, up from Sh429.8 million monthly average fee in the prior year, on overdraft charges for the government. This was 87 percent increase in the year to June 2024, as cash flow challenges left Treasury tapping more emergency loans from the Central Bank of Kenya amid rising interest rates. Between July 2023 and June 2024, the overdraft charges cost the State Sh9.6 billion.

In other local news, The Treasury has pleaded with the Supreme Court to overturn a decision of the Court of Appeal quashing the Finance Act, 2023, arguing that the government will lose Sh214 billion if the judgment is upheld. The Treasury Cabinet Secretary John Mbadi, through senior counsel Githu Muigai, said the appellate court's decision declaring the Act as unconstitutional will derail the government's economic agenda and erase benefits to the public. (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	165.00	178.00	164.20	178.90
EUR/KES	137.60	151.50	137.90	154.40
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

The dollar slumped more than 1% against the yen on Wednesday to its weakest level of the year after Kamala Harris put rival Donald Trump on the defensive in the only scheduled debate of the U.S. presidential race. The yen received an additional boost from Bank of Japan board member Junko Nakagawa, who reiterated in a speech that the central bank would continue to raise interest rates if the economy and inflation move in line with its forecasts. Traders were also waiting nervously for a key U.S. inflation report that could provide clues on how aggressively the Federal Reserve cuts rates next week. The dollar dropped as much as 1.24% to 140.71 yen, a level not seen since Dec. 28, before trading at 141.16 yen. The dollar-yen pair tends to track long-term Treasury yields, which extended an overnight slump in Asian time to reach 3.609% for the first time since June 2023. The dollar index, which measures the currency against six major peers slipped 0.33% to 101.31 after rising to a one-week top at 101.77 on Tuesday.

On the other hand, the euro gained 0.25% to \$1.1048, recovering from its overnight slide to \$1.10155 for the first time since Aug. 19. Sterling rebounded 0.19% to \$1.3105 following its drop to \$1.3049 in the prior session, the weakest since Aug. 21. The U.S. Federal Reserve looks set to ease policy on Sept. 18 for the first time in more than four years, although traders are split on the size of the expected rate cut. The USD/JPY was down 0.72% against the greenback.

In the commodities markets, gold prices rose in Asian trade on Wednesday and were close to record highs as a fiery debate between presidential candidates Kamala Harris and Donald Trump raised uncertainty over the 2024 elections. Anticipation of a key U.S. inflation reading also kept investors biased towards safe havens such as bullion and the Japanese yen, while the dollar fell in the wake of the debate. A drop in U.S. stock index futures also signaled a souring in risk appetite. Spot gold rose 0.1% to \$2,519.73 an ounce, while gold futures expiring in December rose 0.2% to \$2,548.45 an ounce.

On the other hand, Oil prices climbed on Wednesday, paring some of the previous day's losses, as concerns about Hurricane Francine disrupting output in the U.S., the world's biggest producer, outweighed worries about weak global demand. Brent crude futures climbed 34 cents, or 0.5%, to \$69.53 a barrel while U.S. crude futures were at \$66.10 a barrel, up 35 cents, or 0.5%. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0849	1.1252
GBP/USD	1.2893	1.3295
USD/ZAR	15.8615	19.8654
USD/AED	3.6528	3.6932
USD/JPY	139.31	143.32

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.