



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan shilling edged lower against the dollar on Friday, according to data from the London Stock Exchange Group (LSEG), though it remained within a stable range seen over the past month. The Kenyan shilling traded at 128.50/129.50 to the dollar, a slight dip from Thursday's closing rate of 128.30/129.30. The shilling is forecasted to remain stable in the upcoming week, following its strong rally earlier this year. The rally was attributed to easing concerns over a potential default by the East African nation on a \$2 billion Eurobond due in June. (Reuters).

The National Treasury failed to disburse Sh153.6 billion to cover various payments, including transfers to counties and pensions, exposing the cash crunch arising from the depressed revenue performance. The unmet expenditure requests have resulted in financial challenges for retirees yet to access their pensions, while counties have struggled to meet key spending including the payment of staff salaries.

In other local news, the Treasury has revealed that a project to introduce toll stations on key highways across the country has been suspended, pending fresh identification of roads that would be placed under the pay-for-use scheme. The project, which targeted to raise funds to finance maintenance of the highways and repayment of other roads built by private contractors but failed to generate enough funds to repay investors, would remain frozen as the State reviews the roads and highways to go under the tolling scheme. (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	165.71	178.71	164.91	179.61
EUR/KES	138.27	152.17	138.57	155.07
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 in holiday-thinned trade on Monday, while the dollar crept lower as markets awaited a Federal Reserve meeting where the central bank is likely to cut interest rates. Regional trading volumes were muted on account of market holidays in Japan, China, and South Korea. But the Japanese yen firmed sharply to an over eight-month high, with a Bank of Japan meeting on tap later this week. The dollar index and dollar index futures both fell 0.3% in Asian trade, extending a run of recent losses as markets positioned for a likely interest rate cut this week. The Fed is widely expected to cut rates at the conclusion of a meeting on Wednesday, although markets are split over just by how much the central bank will reduce rates.

On the other hand, the EUR/USD pair gains ground around 1.1095 amid the softer US Dollar during early Monday. Investors will closely monitor the US Federal Reserve monetary policy meeting on Wednesday for more clues about how aggressively the Fed will bring down interest rates. The GBP/USD pair attracts some dip-buying on the first day of a new week amid relatively thin trading conditions on the back of a holiday in China and Japan. Spot prices trade around the 1.3135-1.3140 region and remain close to a one-week high touched on Friday amid the prevalent US Dollar selling bias. The USD/JPY pair remains depressed around mid-140.00s during the Asian session on Monday, amid thin trading volumes on the back of a holiday in Japan.

In the commodities markets, gold prices hit a record high in Asian trade on Monday amid growing bets that the Federal Reserve will cut interest rates by a bigger margin later this week. Reports of a second assassination attempt on Republican presidential nominee Donald Trump also spurred some demand for safe havens, although Trump appeared to be unharmed, and the assailant apprehended. Asian trading volumes were somewhat limited by market holidays in Japan, China, and South Korea. Spot gold rose 0.4% to a record high of \$2,589.02 an ounce, while gold futures expiring in December rose 0.1% to \$2,613.70 an ounce.

On the other hand, oil prices edged up in early trade on Monday amid expectations of a U.S. interest rate cut this week, though gains were capped by weaker China data and persistent demand worries. Brent crude futures for November were up 3 cents at \$71.64 a barrel at 0402 GMT. U.S. crude futures for October were up 16 cents, or 0.2%, at \$68.81 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0897	1.1299
GBP/USD	1.2956	1.3358
USD/ZAR	15.6949	19.7092
USD/AED	3.6524	3.6934
USD/JPY	138.13	142.13

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.