



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Tuesday as dollar inflows from the tourism sector balanced demand from the manufacturing sector. Commercial banks quoted the shilling at 128.50/129.50 per dollar, the same as Tuesday's closing rate. (Reuters).

The government is considering changes to laws governing security rights over movable property with the introduction of the Movable Property Security Rights (Amendment) Bill, 2024. This proposed legislation seeks to unify and update existing rules, particularly impacting the Movable Property Security Rights Act (MPSRA) and the Companies Act.

In other local news, September's bond sale which closes Wednesday is set to test the expectations that interest rates have peaked after the recent fall in inflation and stability of the exchange rate. The Central Bank of Kenya (CBK) signaled that it expects domestic interest rates to go down with its 25-basis point rate cut to 12.75 percent in the last monetary policy committee meeting in August. Treasury adjusted the domestic net borrowing target to Sh413 billion from the initial Sh263.2 billion as per the 2024 budget statement. This was after the government adjusted the total fiscal deficit for the year to Sh773 billion from Sh597 billion to cover for the expected fall in taxes. There is also uncertainty over the government's ability to meet its tax collection target, raising the prospect of the government adjusting the borrowing plans down the road through supplementary budgets.

(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	165.74	178.74	164.94	179.64
EUR/KES	138.57	152.47	138.87	155.37
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 U.S. dollar strengthened against most major currencies on Tuesday following better-than-expected retail sales data that seemed to support a less aggressive stance by the Federal Reserve, which is widely expected to deliver its first interest rate cut in more than four years. Commerce Department data showed on Tuesday that U.S. retail sales unexpectedly rose 0.1% in August, suggesting that the economy remained on solid footing through much of the third quarter. The Fed's Federal Open Market Committee will give its interest rate decision at the conclusion of its meeting on Wednesday after which Chair Jerome Powell will hold a press conference. The last Fed rate cut was in March 2020 during the COVID-19 pandemic. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, gained 0.199% at 100.90.

On the other hand, EURUSD was down 0.10% to \$1.112125, not far from the year's high of \$1.1201. Against the Swiss franc, the dollar was up 0.15% to 0.8460. GBPUSD - the best performing G10 currency this year with a 3.41% rise on the dollar - has risen thanks to signs of resilience in Britain's economy and stickiness in inflation. It was last down 0.37% at \$1.31665.

In the commodities markets, Oil prices fell on Wednesday and were set to snap a two-session winning streak ahead of a likely interest rate cut by the U.S. Federal Reserve, as weak macroeconomic data weighed on demand despite the potential for more violence in the Middle East. Brent crude futures for November were down 45 cents, or 0.6%, at \$73.25 a barrel. U.S. crude futures for October slid 48 cents, or 0.7%, to \$70.71 a barrel.

On the other hand, Gold prices rose slightly in Asian trade on Wednesday, keeping recent record highs in sight as traders waited to see just by how much the Federal Reserve will cut interest rates. Bullion prices briefly hit record highs this week amid growing expectations for a 50 basis point cut, which dented the dollar and Treasury yields. But some stronger-than-expected U.S. data complicated expectations of a large rate cut. Spot gold rose 0.2% to \$2,574.15 an ounce, while gold futures rose 0.3% to \$2,600.40 an ounce. Gold just below record highs with rate cuts in focus. Gold's biggest point of support was growing conviction that the Fed will cut interest rates at the conclusion of a meeting later on Wednesday.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0922	1.1322
GBP/USD	1.2989	1.3389
USD/ZAR	15.5583	19.5636
USD/AED	3.6528	3.6931
USD/JPY	139.75	143.76

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.