



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan shilling fell against the dollar on Wednesday. The shilling traded at 128.50/129.50, compared with Tuesday's closing rate of 128.75/129.75. (Reuters).

The International Monetary Fund (IMF) has further delayed the approval date for new funding to Kenya amid a lack of consensus on new revenue targets following withdrawal of the contentious Finance Bill, 2024. The fund had been widely expected to approve the disbursement of at least Sh77.5 billion (\$600 million) this month as part of its multi-year loan programme with Kenya but the lender is yet to set a date for the approval. The withdrawal of the Finance Bill along with missed tax targets previously has forced Kenyan authorities and the Washington DC-based institution to enter fresh talks that seek to set new revenue targets as part of the financing terms. IMF executive board tentative calendar updated until September 27 and which lists formal meetings and seminars of the board does not feature Kenya.

In other local news, Tax collections in August suffered a rare drop on the back of depressed sales at the height of economic uncertainties that followed deadly anti-government protests, Treasury data shows. The Kenya Revenue Authority (KRA) received Sh153.33 billion in taxes in the review month, a Sh9.19 billion or 5.65 percent fall compared with a year earlier.

(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	166.51	179.51	165.71	180.41
EUR/KES	138.64	152.54	138.94	155.44
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 July 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar edged higher in choppy trading after the Federal Reserve on Wednesday cut interest rates by half a percentage point, citing greater confidence that inflation will continue to recede to the U.S. central bank's 2% annual target. The Fed cut the overnight rate to the 4.75%-5.00% range, and policymakers see the Fed's benchmark rate falling by another half of a percentage point by the end of this year, another full percentage point in 2025, and by a final half percentage point in 2026 to end in a 2.75%-3.00% range. The dollar initially traded lower following the Fed announcement but pared those losses after Chair Jerome Powell finished his press conference. The dollar index was last up 0.05% on the day at 100.970. It earlier reached 100.21, the lowest since July 2023.

On the other hand, EURUSD dropped 0.01% to \$1.111275. USDJPY pair rose 0.6% to 143.12 yen and was among the worst performers in Asia. GBPUSD, the best performing G10 currency of the year, rose 0.28% at \$1.3200. The currency was pressured by strength in the dollar, while traders also positioned for no changes to local interest rates after a BOJ meeting on Friday. The central bank is widely expected to keep rates unchanged but could still signal future rate hikes on an elevated outlook for inflation. Japanese consumer inflation is also due on Friday.

In the commodities markets, Oil prices were little changed on Thursday as lingering concerns over demand capped the potential benefits of a larger-than-expected Federal Reserve interest rate cut. Brent crude futures for November rose 8 cents to \$73.73 a barrel, while WTI crude futures for October declined 3 cents to \$70.88 a barrel.

On the other hand, Gold prices moved in a flat-to-low range in Asian trade on Thursday, and were nursing overnight losses after less dovish signals from the Federal Reserve offset some optimism over a bumper rate cut. Strength in the dollar pressured bullion prices, as the greenback rose sharply on bets that U.S. interest rates may not fall as much as expected in the medium to long term. The yellow metal also saw some profit-taking after hitting record highs in the run-up to Wednesday's Fed decision. Spot gold rose 0.1% to \$2,561.30 an ounce, while gold futures expiring in December fell 0.5% to \$2,585.65 an ounce. Spot prices were nursing some overnight losses and pulled back further from recent record highs.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0931	1.1332
GBP/USD	1.3023	1.3427
USD/ZAR	15.4919	19.4985
USD/AED	3.6527	3.6933
USD/JPY	140.58	144.59

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.