



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 20<sup>TH</sup> SEPTEMBER 2024

### DOMESTIC NEWS

The shilling was late yesterday exchanging at an average of Sh129.00 to the US dollar, having opened the day at an average of Sh129.20, signalling a positive reaction to Wednesday's decision by the US Federal Reserve to cut the interest rate. The move by the US central bank is also expected to trigger gains for investors at the Nairobi Securities Exchange (NSE). The Fed cut its base rate by half a percentage point to a range between 4.75 percent and five percent, its first since March 2022 when it was forced to start tightening its monetary policy in response to rising inflation. Economists say that lower US interest rates can benefit emerging markets by reducing the cost of dollar financing and other borrowing costs. Lower rates on US bonds can also often make assets from other countries more attractive, triggering increased flow of dollars for purchasing shares at the Nairobi bourse and government securities.

In other local news, Cash generated from the government's non-tax streams such as fees on services as well as mopping up of surplus money from parastatals jumped more than four-fold in the first two months of the year, new data by the Treasury shows. Non-tax revenue for July and August amounted to Sh17.63 billion, the Treasury says in monthly disclosures, a rise of 445.38 percent over Sh3.23 billion in a same time last year. (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	167.41	180.41	166.61	181.31
EUR/KES	139.08	152.98	139.38	155.88
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 U.S. dollar slipped in choppy trading on Wednesday as markets grappled with the supersized 50 basis point interest rate cut, as well as the switch to an easing monetary policy stance delivered by the Federal Reserve. Investor expectations had largely shifted towards a dovish outcome in the days leading up to the Fed's move on Wednesday, with money markets pricing in around a 65% chance of a 50 basis point (bp) cut. But economists polled by Reuters were leaning towards a 25 bp cut. The dollar index, which measures the greenback against a basket of six peers, was down 0.38% to 100.64 after reversing gains made in early trading. It slid to its lowest in more than a year of 100.21 in the previous session. Initial claims for state unemployment benefits dropped unexpectedly to 12,000 last week, according to Labor Department data on Thursday, suggesting labor market growth. Fed policymakers on Wednesday projected the benchmark interest rate would fall by another half of a percentage point by the end of this year, a full percentage point next year and half of a percentage point in 2026.

On the other hand, GBP/USD rose 0.3% to 1.3253, after climbing to 1.3298 in the previous session, its strongest level since March 2022. EURUSD strengthened 0.4% to \$1.1163. USDJPY, was 0.33% higher at 142.73 as markets anticipate that the Bank of Japan will leave interest rates unchanged on Friday.

In the commodities markets, Oil prices, which eased on Friday, were on track to end higher for a second straight week following a large cut in U.S. interest rates and declining global stockpiles. Brent futures, which were trading 26 cents or 0.4% lower at \$73.62 a barrel, gained 4.3% this week. U.S. WTI crude futures, which were down 15 cents, or 0.2% at \$71.80 a barrel, registered weekly gains of 4.8%.

On the other hand, Gold prices rose in Asian trade on Friday as the dollar fell following an outsized interest rate cut by the Federal Reserve, with markets cheering the prospect of further reductions in rates. Among industrial metals, copper prices rose as media reports said top importer China was considering more supportive measures for the property market, after the People's Bank left benchmark lending rates unchanged. Spot gold rose 0.3% to \$2,593.31 an ounce, while gold futures expiring in December rose 0.2% to \$2,618.40 an ounce. Gold heads for weekly gains as Fed begins easing cycle. Spot prices were set to add about 0.6% this week, as the Fed kicked off an easing cycle that could see interest rates fall by as much as 125 basis points this year. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0967	1.1369
GBP/USD	1.3115	1.3529
USD/ZAR	15.4865	19.4914
USD/AED	3.6527	3.6932
USD/JPY	140.07	144.16

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.