



DIB Bank Kenya

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TREASURY MARKET UPDATE 23RD SEPTEMBER 2024

DOMESTIC NEWS

The Kenyan Shilling gained ground in the previous week against a weaker dollar, with the U.S. Federal Reserve's 50 basis points rate cut. On the international front, yields on Kenya's Eurobonds decreased by an average of 79 basis points mirroring improved investor sentiments. Kenya's usable forex reserves increased substantially by 1.6 percent to US\$7.9 billion, enough to maintain 4.1 months of import cover from US\$7.7 billion the previous week. In a consecutive three weeks, foreign reserves have shot up by US\$547 million with the Central Bank of Kenya having little pressure towards chipping in to manage volatility in the currency market. The marginal strengthening was partly attributed to higher dollar inflows during the week lifting the year-to-date performance to 17.4%.

In other local news, The National Treasury wants its Cabinet Secretary (CS) to have the final say on the waiver of taxes that are difficult to collect, in an amendment that is likely to put the exchequer and Parliament on a collision path. Treasury CS John Mbadi has sought to amend the Tax Procedures Act by introducing a new section that would give him the overall power tax pardon. In the condemned Finance Bill 2024, the legislators had overturned the Treasury's proposal to give the Commissioner General of the Kenya Revenue Authority (KRA) the power to forgive long-standing debts.

(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	167.78	180.78	166.98	181.68
EUR/KES	139.12	153.02	139.42	155.92
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

Most Asian currencies moved in a tight range on Monday, while the dollar steadied from recent losses as traders awaited a slew of more cues on the Federal Reserve and U.S. inflation. Dollar muted with Fed, inflation cues on tap. The dollar index and dollar index futures both rose slightly in Asian trade, steadying after logging losses last week. The Fed cut interest rates and marked the start of an easing cycle that could see rates fall by as much as 125 bps this year. But overall losses in the dollar were still limited, given that the Fed signaled that neutral rates will also be much higher than seen in the past. More cues from the central bank are due this week, with a slew of Fed officials- most notably Chair Jerome Powell- set to speak in the coming days. PCE price index data- the Fed's preferred inflation gauge- is also due this Friday, offering up more cues on the Fed's plans to cut rates.

On the other hand, The GBP/USD pair edges lower to 1.3310, snapping the three-day winning streak during the early Monday. EUR/USD stays on the front foot above 1.1150 in the early European session on Monday. The US Dollar struggles amid improving risk appetite and a dovish Fed outlook. Traders keenly await the preliminary PMI data from the Eurozone and the US for fresh directives. USDJPY pair rose 0.3% to 144.32 yen. AUDUSD pair rose 0.3% in anticipation of hawkish signals from the RBA on Tuesday. The central bank is widely expected to keep interest rates steady.

In the commodities markets, Oil prices rose on Monday, buoyed by concerns that heightened conflict in the Middle East may curtail regional supply and expectations last week's outsized U.S. interest rate cut will support demand. Brent crude futures for November were up 60 cents, or 0.8% at \$75.09 a barrel. U.S. crude futures for November were up 64 cents, or 0.9%, at \$71.64. Both contracts rose in the previous session on support from the U.S. interest rate cut and a dip in U.S. supply in the aftermath of Hurricane Francine. Oil prices climbed last week for a second week.

On the other hand, Gold prices hit a record high in Asian trade as the yellow metal benefited from persistent cheer over lower U.S. interest rates, with uncertainty before a storm of cues this week also buoying prices. The yellow metal had surged to record highs last week after the Federal Reserve cut interest rates, and largely carried over this momentum. A softer dollar and Treasury yields also benefited broader metal markets.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0958	1.1360
GBP/USD	1.3114	1.3519
USD/ZAR	15.4027	19.4171
USD/AED	3.6524	3.6935
USD/JPY	142.15	146.18

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.