



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 24<sup>TH</sup> SEPTEMBER 2024

### DOMESTIC NEWS

Kenya's shilling was unchanged against the U.S. dollar on Monday. Commercial banks quoted the shilling at 128.50/129.50 per dollar, the same as Friday's closing rate. The shilling has been relatively stable for several months, after rallying in the first half of 2024 as concerns eased that the East African country would default on a \$2 billion Eurobond that matured in June. (Reuters).

Yields on Kenyan Eurobonds moved lower last week amid the start of global rate cuts, which have served as a prelude to a drop off in the return earned from sovereign debt instruments in the international capital markets. All six of Kenya's listed Eurobonds saw their return edge lower by between 0.38 and 0.79 percent last week as the US Federal Reserve cut interest rates for the first time in four years.

In other local news, County governments have endured the first two months of the 2024/25 financial year without fresh Exchequer funding, as Parliament drags the legislation of a framework to anchor fresh disbursements to the devolved units. Counties are yet to receive new releases from the National Treasury save for Sh30.8 billion in carry-over arrears from the 2023-24 fiscal year according to data from the statement of actual revenues and net exchequer issues as of August 30, which was published on Friday. (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	168.29	181.29	167.49	182.19
EUR/KES	138.49	152.39	138.79	155.29
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 rose Monday, climbing away from the one-year low seen last week, while disappointing economic activity data weighed on the euro. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.5% higher to 100.925, just above a 12-month low. The U.S. dollar has recovered to a degree from the selloff in the wake of the hefty Federal Reserve rate cut last week, with traders now appearing to write off the chance of a US recession. "So far investors have bought into the soft-landing narrative offered by Chair Jerome Powell last week," said analysts at ING, in a note. "And instead of the 50bp rate cut spooking equity markets, key benchmarks have continued to push higher."

On the other hand, in Europe, EUR/USD traded 0.5% lower to 1.1111, after data showed that German business activity contracted in September at its sharpest pace in seven months, suggesting Europe's largest economy had tipped into recession. GBP/USD fell 0.4% to 1.3264, handing back some of the pair's recent gains after last week hitting its highest level since March 2022. The Bank of England held its key interest rate at 5% on Thursday, after kicking off its easing with a 25-bp reduction in August. USD/JPY fell 0.1% to 143.72, with regional trading volumes muted on account of a Japanese market holiday, although the yen remains close to its strongest levels for 2024. The Bank of Japan held interest rates steady last week, and said it expected inflation and economic growth to steadily increase.

In the commodities markets, Oil prices rose on Tuesday on news of fresh monetary stimulus from top importer China, and concerns escalating tensions in the Middle East could hit supply from the key producing region, while a major hurricane loomed over the U.S., the world's biggest crude producer. Brent crude futures for November were up 69 cents, or 0.93%, at \$74.59 a barrel. U.S. WTI crude futures for November rose 74 cents, or 1.05%, to \$71.11.

On the other hand, gold prices hit record highs in Asian trade on Tuesday, extending a recent run of gains amid persistent optimism over U.S. interest rate cuts, with focus turning to more upcoming cues this week. Gold surged to record highs after a bumper rate cut by the Federal Reserve last week, with the prospect of further cuts presenting more upside for the yellow metal. Mixed purchasing manager index readings from several major economies also boosted demand for gold, as did continued tensions in the Middle East. Spot gold rose 0.3% to \$2,638.31 an ounce, while gold futures expiring in December rose 0.3% to a peak of \$2,660.80 an ounce. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0916	1.1317
GBP/USD	1.3153	1.3554
USD/ZAR	15.3459	19.3558
USD/AED	3.6527	3.6932
USD/JPY	142.13	146.15

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