



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> SEPTEMBER 2024

### DOMESTIC NEWS

Kenya's shilling was steady against the dollar on Wednesday, helped by companies converting foreign currency ahead of quarterly tax payments. The shilling traded at 128.50/129.50 to the U.S. dollar, the same as Tuesday's closing rate. The East African currency strengthened sharply in early 2024 as concerns eased that the government would default on a \$2 billion Eurobond that matured in June, but it has remained rangebound since early August. (Reuters).

Kenya is close to securing a deal with the UAE government for a \$1.5 billion loan, a move that will enable the country to bolster its financial position amid rising debt costs. The East African nation, which is facing a cash crunch, is currently in negotiations with the UAE capital for a loan agreement to bridge its budget-financing gap, Bloomberg reported on Wednesday, citing sources with knowledge of the matter. An agreement is nearly reached, with Kenya likely to obtain the new cash injection at an interest rate of 8.2%. Kenya has been facing significant domestic debt costs, as well as violent social unrest and heightened risk to political stability, which stemmed from planned tax hikes and calls for reforms. The country is expected to see its fiscal deficit widen to 4.7% of GDP in the financial year ending June 2025, which is higher than the government's new deficit plan, according to Fitch in August. The wider fiscal deficit reflects the withdrawal of planned revenue measures and higher debt servicing, as well as social spending costs amid civil pressures. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	168.16	181.16	167.36	182.06
EUR/KES	138.89	152.79	139.19	155.69
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 weakened Wednesday, adding to the previous session's losses, with the euro benefiting despite signs of economic weakness in the eurozone. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower to 100.080, after falling more than 0.5% in the previous session, its largest one-day percentage fall in a month. The U.S. dollar has struggled for friends after the Federal Reserve started its rate-cutting cycle with a hefty 50 basis-point reduction earlier this month. Data on Tuesday showed U.S. consumer confidence unexpectedly fell in September, raising concerns about further growth in the largest economy in the world, especially as the labor market shows signs of contracting.

On the other hand, In Europe, EUR/USD traded 0.1% higher to 1.1188, hovering near a 13-month high hit last month with the euro benefiting from the dollar weakness despite data pointing to economic weakness in the eurozone. GBP/USD traded 0.1% lower to 1.3394, falling back from levels not seen since March 2022. Sterling has received support as the Bank of England is widely seen as unlikely to be as aggressive with its rate cuts this year when compared to the Federal Reserve. USD/JPY rose 0.4% to 143.81, while AUD/USD fell 0.2% to 0.6878, just below a 19-month high after rallying sharply in the prior session.

In the commodities markets, Oil prices dropped on Thursday, reversing earlier gains, as news of top exporter Saudi Arabia giving up its crude oil price target in preparation for expanded production weighed on the market. Brent crude futures were down 55 cents, or 0.75%, to \$72.91 a barrel, while U.S. West Texas Intermediate crude fell 55 cents, or 0.79%, to \$69.14 per barrel.

On the other hand, gold prices steadied in Asian trade on Thursday, remaining close to record highs as focus turned to an upcoming address by Federal Reserve Chair Jerome Powell, while key U.S. economic readings also loomed. Metal markets were pressured by an overnight rebound in the dollar, as the greenback surged from over one-year lows amid persistent speculation over just how the Fed will reduce rates further after a 50-basis point cut last week. Spot gold rose 0.2% to \$2,661.78 an ounce, while gold futures expiring in December steadied at \$2,685.0 an ounce. Spot prices briefly hit a record high of \$2,670.52 on Wednesday. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0952	1.1353
GBP/USD	1.3147	1.3548
USD/ZAR	15.2183	19.2214
USD/AED	3.6528	3.6933
USD/JPY	142.63	146.65

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