



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 30<sup>TH</sup> SEPTEMBER 2024**

**DOMESTIC NEWS**

Kenya's shilling inched higher against the dollar on Friday, supported by an inflow of foreign currency from tea exports and remittances. The shilling was trading at 128.25/129.25 to the dollar, compared to its closing rate of 128.50/129.50 on Thursday, according to London Stock Exchange Group (LSEG) data. A slight strengthening of the East African currency is anticipated over the next week, following its steady performance since early August. (Reuters).

The Commission on Revenue Allocation (CRA) has opposed plans to cut equitable share to counties by Sh20.12 billion, in the wake of the anticipated revenue shortfalls in the current financial year. The CRA says the revenue shortfall should solely be borne by the national government, a proposal that is meant to protect counties already grappling with delays in getting billions of shillings for equitable share from the National Treasury. The National Assembly and Treasury have through the Division of Revenue (Amendment) Bill, 2024 proposed to cut Sh20.12 billion from the Sh400.12 billion allocated to the 47 counties, in a bid to equally share the burden of the forgone taxes. Rejection of the Finance Bill 2024 in June, following weeks of deadly anti-tax protests prompted the national government to cut its budget and absorb the Sh325.88 billion anticipated revenue shortfall. (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	168.74	181.74	167.94	182.64
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**

The dollar fell on Friday after a reading of U.S. inflation signaled price pressures continue to ebb, while the yen strengthened against the greenback after Shigeru Ishiba, seen as an interest rate hawk, was set to become Japan's next prime minister. The U.S. personal consumption expenditures (PCE) price index rose 0.1% in August, matching expectations of economists polled by Reuters, after an unrevised 0.2% gain in July. In the 12 months through August, the PCE price index increased 2.2% after rising 2.5% in July. The dollar index, which measures the greenback against a basket of currencies, including the yen and the euro, was down 0.17% at 100.43 after falling to 100.15, its lowest since July 20, 2023, with the euro off 0.14% at \$1.116.

On the other hand, the EUR/USD pair struggles to capitalize on Friday's modest rebound from the 1.1125-1.1120 support area and kicks off the new week on a subdued note. Spot prices trade around the 1.1160 area, as traders look to the flash German CPI for some impetus ahead of Fed Chair Powell's speech. The GBP/USD pair holds positive ground near 1.3385 during the early Monday. Expectations of further interest rate cuts by the Federal Reserve and the less dovish stance of the Bank of England's less dovish rate cut bets provide some support to the major pair.

In the commodities markets, Oil prices extended gains on Monday, buoyed by escalating concerns over potential supply pressures from Middle East producers following Israel's increased attacks on Iranian-backed forces in the region. Brent crude futures for November delivery increased 51 cents, or 0.71%, to \$72.49 a barrel as of 0330 GMT. That contract expires on Monday, and the more-active contract for December delivery gained 50 cents, or 0.7%, to \$72.04. U.S. West Texas Intermediate crude futures added 43 cents, or 0.63%, to \$68.61 a barrel.

On the other hand, gold price is holding the previous corrective downside near \$2,650 in Asian trades on Monday, shrugging off another Chinese stimulus-driven upbeat market sentiment. Traders refrain from placing fresh directional bets on gold price ahead of US Federal Reserve Jerome Powell's speech due later today. Gold price has eased from extremely overbought territory, with the 14-day Relative Strength Index (RSI) currently looks to enter the bullish zone near 71. (FX Street).

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0965	1.1366
GBP/USD	1.3189	1.3591
USD/ZAR	15.0555	19.0619
USD/AED	3.6526	3.6936
USD/JPY	139.76	143.77

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