



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 01ST OCTOBER 2024

DOMESTIC NEWS

Kenya's shilling was stable on Monday, with dollar inflows from tea exports matching month-end importer demand. Commercial banks quoted the shilling at 128.50/129.50 to the dollar, the same as Friday's closing rate. (Reuters).

Thousands of workers will this month breach the legal requirement that demands they take home at least a third of their salary following a deduction of 2.75 percent of gross pay towards the universal health coverage (UHC) programme. The workers will pay the higher rates to the Social Health Insurance Fund (SHIF), which will today replace the National Health Insurance Fund (NHIF). Employees have been contributing between Sh150 and Sh1,700 towards NHIF. Contributions to SHIF will see workers whose salaries range from Sh100,000 to Sh1 million part with an additional Sh1,050 to Sh25,800 for the State-backed insurance—making it the largest payslip deduction after personal income tax.

On other local news, the Ministry of Energy will fast-track the review of rules for cheaper nighttime power ahead of the proposed opening up of electricity transmission and distribution to the private sector early next year. Energy Cabinet Secretary Opiyo Wandayi said that the government was racing to relax the conditions that have hampered the uptake of power at night for large industries at discounted costs. (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	168.54	181.54	167.74	182.44
EUR/KES	138.76	152.66	139.06	155.56
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 rose on Monday after Federal Reserve Chair Jerome Powell adopted a more hawkish tone on the economy, leading traders to pare bets that the U.S. central bank will cut rates by 50 basis points again at its next meeting. Powell said recent revisions to data on economic growth, savings rates and personal income had removed some "downside risks" the Fed has been focused on. He also said that he sees two more interest rate cuts, totaling 50 basis points, this year as a baseline "if the economy performs as expected," and warned that it will likely take several years before housing services inflation cools to desirable levels. Powell noted that the economy remained strong, but the central bank wanted to stay ahead of and stave off any weakening in the job market. The dollar index was last up 0.42% at 100.86.

On the other hand, the EUR/USD edged 0.1% higher to 1.1172, largely stable ahead of the release of flash September inflation data on Tuesday, which will be closely watched as European Central Bank officials mull whether to cut rates again in October. German inflation numbers come in ahead of the eurozone release and follow last week's data showing inflation in France and Spain rose less than expected, boosting expectations for an October ECB rate cut. GBP/USD traded 0.2% higher to 1.3399. USD/JPY rose 0.2% to 142.44. USD/CNY edged higher to 7.0120.

In the commodities markets, Oil prices were little changed on Tuesday as stronger supply prospects and tepid global demand growth outweighed worries that escalating tensions in the Middle East could impact output from the key exporting region. Brent crude futures for December delivery edged up 7 cents, or 0.1%, to \$71.77 a barrel. U.S. West Texas Intermediate crude futures for November delivery gained 8 cents, or 0.12%, to \$68.25. Meanwhile, tensions in the Middle East remain on the radar, but supply fears seem relatively contained for now, with market participants still pricing out the risks of a wider regional conflict, said IG's Yeap.

On the other hand, gold price retreats for the second consecutive day amid month-end flows favoring the Greenback despite falling US Treasury yields. Nevertheless, the golden metal is set to register monthly gains of over 5.40% in September, its best month since March 2024, when Bullion prices rose over 9%. The XAU/USD trades at \$2,639, down over 0.6%.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0940	1.1340
GBP/USD	1.3179	1.3583
USD/ZAR	15.2603	19.2699
USD/AED	3.6528	3.6933
USD/JPY	142.38	146.40

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