



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH OCTOBER 2024

DOMESTIC NEWS

Kenya's shilling was unchanged on Thursday, with dollar inflows from tea exporters matching importer demand. Commercial banks quoted the shilling traded at 128.50/129.50 per dollar, the same as Wednesday's closing rate. (Reuters).

Kenya's economic growth rate fell to a 2-year low, expanding 4.6% in the second quarter of 2024, down from 5.6% in the same period in 2023. The Kenya National Bureau of Statistics (KNBS) body attributed the expansion, albeit slower, as shown by the Gross Domestic Product (GDP) to robust growth from agriculture, manufacturing, real estate, forestry and fishing, wholesale and retail, and financial and insurance activities. The growth, which compares with 5% in the first quarter of 2024, was however tempered by contractions in the mining, quarrying and construction sectors. Mining and Quarrying contracted by 2.7% during the quarter, up from a larger 8.3% expansion in a similar quarter in 2023. Similarly, the construction sector contracted by 2.9%, reversing the 2.7% growth in the second quarter of 2023. The manufacturing sector's real GDP growth accelerated to 3.2% in the three months to June, compared to the 1.5% growth in the same period in 2023. The growth was supported by significant increases in production of food, including soft drinks, sugar and milk, however slowed down by a 0.6% decline in Tea production. (The Kenyan Wall Street)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	165.31	178.31	164.51	179.21
EUR/KES	137.33	151.23	137.63	154.13
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 Thursday, benefiting from robust employment data as well as the uncertainty caused by the Middle East turmoil. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher to 101.597, not far removed from its recent three-week high. The dollar has received a boost from Wednesday's ADP private payrolls report showing a larger-than-expected 143,000 increases in U.S. jobs last month. This followed Tuesday's stronger-than-expected reading on U.S. job openings and has raised expectations for a healthy nonfarm payroll reading on Friday, which could result in an adjustment in the market's view of the likely pace of Fed easing.

On the other hand, In Europe, EUR/USD traded 0.1% lower to 1.1035, with the single currency retreating close to a three-week low following further signs of cooling inflation in the eurozone. GBP/USD slumped 1% to 1.3133, dropping to a two-week low after Bank of England Governor Andrew Bailey said in an interview that the central bank could become "a bit more activist" on rate cuts if there was further good news on inflation. USD/JPY rose 0.1% to 146.53, with the pair climbing to a six-week high after Japan's new prime minister said on Wednesday, following a meeting with the central bank governor, expressed caution over the need for additional interest rate hikes.

In the commodities markets, Oil prices were little changed on Friday, but remained on track for strong weekly gains, as investors weighed the prospect of a wider Middle East conflict disrupting crude flows against an amply supplied global market. Brent crude futures ticked down 8 cents, or 0.1%, to \$77.54 a barrel. U.S. West Texas Intermediate crude futures were down 6 cents, or 0.08%, to \$73.65 a barrel. Bearish bets on oil have found some room to unwind this week amid mounting concerns over potential supply disruptions in the Middle East, along with optimism that China's recent economic stimulus efforts may offer some uplift in demand.

On the other hand, the gold rally is beginning to look like it has stalled, said HSBC, and the precious metal may ease further unless there is a severe geopolitical risk escalation. XAU/USD rose to a record \$2,685.42 per ounce on Sept. 26 and has gained around 28% so far this year heading for the biggest annual gain in 14 years fueled by the start of U.S. Federal Reserve interest rate cuts and geopolitical tensions. However, the lack of a response so far Thursday to events in the Middle East may indicate that the gold market is becoming slightly inured to news from that region. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0831	1.1232
GBP/USD	1.2933	1.3334
USD/ZAR	15.4400	19.4469
USD/AED	3.6524	3.6934
USD/JPY	144.01	148.02

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.