



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH OCTOBER 2024

DOMESTIC NEWS

The Kenyan shilling was steady against the dollar on Friday, London Stock Exchange Group data showed. The shilling traded at 128.50/129.50 per dollar, the same as Thursday's closing rate. (Reuters).

Disclosures by the Treasury show that taxpayers forked out an additional Sh89.4 billion in interest payments on the government's domestic debt in the year to June 2024, reflecting the elevated interest rates on debt securities and higher local borrowing for budgetary purposes in the period. The interest payments rose to Sh622.5 billion from Sh533.1 billion in the 2022-2023 fiscal year, resulting in an increase in the ratio of debt service to revenue and gross domestic product (GDP) key metrics in measuring public debt sustainability. Domestic interest rates went up in the period, partly due to the Central Bank of Kenya (CBK) tightening its monetary policy and investors raising their risk perception on the government debt, on concerns about its ability to service its obligations. At the same time, the government raised its net borrowing from the domestic market to Sh595.6 billion, from Sh459.5 billion in the 2022/2023 fiscal year. The higher reliance on domestic lenders was informed by a need to fill an expanded budget deficit of Sh818.3 billion (2023: Sh770.3 billion) while also repaying a Sh260 billion maturing Eurobond, which limited the ability to raise budget funding from external lenders. (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	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 slipped slightly Friday, falling from a six-week high ahead of a key jobs report that could determine sentiment ahead of the Federal Reserve's next meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower to 101.667, just off the previous session's six-week high. The index was up nearly 1.5% for last week, its strongest such performance since April. The dollar was boosted last week by reasonably healthy labor data job openings, ADP private payrolls and weekly jobless claims as well as safe-haven demand given the widening Middle East tensions and the potential impact on the global economy. The US economy is tipped to have maintained a moderate pace of job growth during the final month of the third quarter, with payrolls rising 147,000, while the unemployment rate is seen matching August's level of 4.2%.

On the other hand, In Europe, EUR/USD drifted lower to 1.1027, with the euro having dropped over 1% last week on further signs of cooling inflation in the eurozone overshadowing strengthening activity data and French industrial production growth. GBP/USD rose 0.2% to 1.3154, rebounding slightly after sliding 1% on Thursday after Bank of England Governor Andrew Bailey said the central bank could aggressively cut rates if inflation pressures continued to ease. USD/JPY fell 0.4% to 146.28, having risen to an over six-week low of 147.25 a day earlier, amid uncertainty over future Bank of Japan monetary policy.

In the commodities markets, Oil prices fell on Monday after posting their steepest weekly rise in over a year last week as oversupply concerns amid softer demand countered the worries of a wider Middle East war disrupting exports in the key producing region. Brent crude futures fell 31 cents, or 0.4%, to \$77.74 per barrel by 0435 GMT. U.S. West Texas Intermediate crude futures slipped 20 cents, or 0.27%, to \$74.18 per barrel.

On the other hand, gold prices fell slightly in Asian trade on Monday and were nursing a tumble from record highs as strong U.S. payrolls data fueled bets on a smaller interest rate cut by the Federal Reserve. The yellow metal fell from record highs as the dollar and U.S. Treasury yields shot up on the strong payrolls data, which saw traders largely scale back bets the Fed will cut interest rates by 50 basis points again. Focus this week is on a slew of signals from the Fed and the U.S. economy, both of which are likely to factor into interest rates. Spot gold fell 0.2% to \$2,647.64 an ounce, while gold futures expiring in December fell slightly to \$2,667.10 an ounce. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0766	1.1168
GBP/USD	1.2913	1.3316
USD/ZAR	15.4587	19.4622
USD/AED	3.6526	3.6936
USD/JPY	146.36	150.37

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.