



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH OCTOBER 2024

DOMESTIC NEWS

Kenya's shilling was steady against the dollar on Monday and is expected to remain level in the coming week. The East African currency traded at 128.50/129.50 per dollar, the same as Friday's closing rate, per LSEG data. A bit of offshore buying was seen on Friday, and the central bank has also been buying for the past month, but there's enough supply, hence the currency remains stable. (Reuters).

The average time to maturity for Kenya's public debt fell to 7.8 years in June 2024 from 9.4 years in 2023 on the issuance of shorter-dated debt instruments as investors raised their risk perception on the exchequer. The lower duration to maturity exposes the country to higher refinancing risk, which occurs when the government must repay large amounts of debt in a short period. The debt disclosures are contained in the National Treasury's 2023/2024 annual public debt management report. The period saw the government issue or reopen a series of short-term bonds in the domestic market, after a rise in interest rates made it costly to float long-dated bonds they would burden the taxpayer with high servicing costs over a longer period. In the external market, the government faced difficulties raising commercial debt at the prevailing rates at the time, after advanced economies (considered a safer option for investors) raised their rates to fight high inflation. (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	164.90	177.90	164.10	178.80
EUR/KES	136.80	150.70	137.10	153.60
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 stabilized Monday, holding onto the gains seen after Friday's strong jobs report at the start of a week that includes the release of key inflation data as well as the minutes from the last Federal Reserve meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded marginally lower at 102.247. It rose 0.5% on Friday to a seven-week high, logging more than 2% gains for the week, its biggest in two years. The growth in US payrolls quashed fears of a U.S. economic slowdown, and furthered the notion that the Fed will not need to cut interest rates sharply to support the economy, boosting the dollar. Traders were seen largely wiping out bets on another 50-basis point cut at the next Fed meeting and were pricing in an over 90% chance of a 25-bps cut.

On the other hand, In Europe, EUR/USD drifted 0.1% lower to 1.0965, with the euro weakening after German factory orders slumped 5.8% on the month in August, another illustration of the economic difficulties the eurozone's largest economy is struggling with. GBP/USD slipped slightly to 1.3113, after suffering a 1.9% drop last week, its steepest fall since early 2023. Bank of England Chief Economist Huw Pill said on Friday the central bank should move only gradually with cutting interest rates, a day after Governor Andrew Bailey was quoted as saying the BoE might move more aggressively to lower borrowing costs. USD/JPY fell 0.3% to 148.22, paring back earlier gains after the pair surged to its highest level since mid-August.

In the commodities markets, Oil prices fell more than \$1 on Tuesday as traders took profits from a rally in the previous session that lifted the market to its highest level in over a month amid fears that the Middle East could be on the brink of a region-wide war. Brent crude futures fell \$1.17, or 1.5%, to \$79.76 per barrel. U.S. West Texas Intermediate futures fell \$1.19, or 1.6%, to \$75.95 a barrel.

On the other hand, gold prices moved little in Asian trade on Tuesday, steadying after falling from record highs as traders priced in the prospect of smaller interest rate cuts by the Federal Reserve. Focus this week was on more cues from the Fed, as well as key inflation data that is likely to factor into the outlook for rates. Gold prices had surged to record highs in September after the Fed cut rates by 50 basis points and launched an easing cycle. But doubts over the central bank's future pace of rate cuts saw the yellow metal retreat. Spot gold steadied at \$2,642.86 an ounce, while gold futures expiring in December fell 0.2% to \$2,661.70 an ounce. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0784	1.1185
GBP/USD	1.2890	1.3291
USD/ZAR	15.4150	19.4221
USD/AED	3.6526	3.6936
USD/JPY	145.91	149.91

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.