



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH OCTOBER 2024

DOMESTIC NEWS

Kenya's shilling was steady against the dollar on Wednesday, supported by dollar inflows from the tea sector and diaspora remittances. The shilling traded at 128.50/129.50 to the dollar at 0843 GMT, LSEG data showed, the same as Tuesday's closing rate. (Reuters).

Kenya's Foreign exchange reserves have been on an upward trajectory in the past 5 weeks, accumulating about US\$837 million in the period. The current usable reserves stand at US\$8.2 billion, enough to maintain 4.2 months of import cover according to data by CBK. Governor Thugge attributed the increase in foreign exchange reserves to the Central Bank buying excess dollars in the foreign exchange market to provide adequate buffers against potential shocks. The foreign reserves fall above the 4 months statutory requirements, however lower than the EAC's convergence requirement of 4.5 months of import cover. The shilling has remained stable, oscillating within the KSh. 129 mark against the greenback owing to the high dollar inflows streaming in from tea exports and the growing remittances from Kenyans living and working abroad.

In other local news Vegetable prices have remained high on disrupted supply and production despite overall inflation falling to a record 12-year low of 3.6 percent in September. The price of vegetables or vegetable inflation including onions, cabbages, spinach, tomatoes, potatoes, carrots and sukumawiki rose by a mean rate of 22.1 percent in September 2024, from the same time last year even as overall food inflation stood at just 5.1 percent, according to data from the Central Bank of Kenya (CBK). (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	164.76	177.76	163.96	178.66
EUR/KES	136.52	150.42	136.82	153.32
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 against the yen on Thursday as investors weighed data showing labor market weakness as well as a slight uptick in consumer prices, suggesting that the Federal Reserve will likely continue cutting interest rates. Labor Department data on Thursday showed that the consumer price index increased 0.2% in September. However, in the 12 months through September the CPI climbed 2.4%, which was the smallest year-on-year rise since February 2021. Economists polled by Reuters had forecast the CPI edging up 0.1% and rising 2.3% year-on-year. Other data from the Labor Department also showed that the number of Americans seeking unemployment benefits surged last week, driven partly by Hurricane Helene and furloughs at Boeing. The dollar index, which measures the currency against six key rivals.

On the other hand, EUR/USD traded largely unchanged at 1.0939, after German retail sales rose 1.6% in August on a monthly basis, a small improvement from the 1.5% gain seen the prior month. GBP/USD rose 0.1% to 1.3081, ahead of the release of the Bank of England's latest credit conditions survey as traders look for clues as to the likely path of rate cuts by the central bank going forward. USD/JPY fell 0.1% to 149.13, after hitting an over two-month high. USD/CNY fell 0.1% to 7.0771, with the yuan reversing some recent weakness as traders looked to more stimulus measures from Beijing to support growth.

In the commodities markets, Oil eased on Friday after a rally the previous day, but prices remained set for a second straight weekly gain as investors weighed the impact of hurricane damage on U.S. demand against any broad supply disruption if Israel attacks Iranian oil sites. Brent crude oil futures fell 29 cents, or 0.4%, to \$79.11 a barrel. U.S. West Texas Intermediate crude futures dropped 21 cents, or 0.3%, to \$75.64 per barrel. For the week, both benchmarks were headed for a 1%-2% gain.

On the other hand, Gold prices rose in Asian trade on Friday, extending overnight gains as strong U.S. inflation data was somewhat offset by a soft reading on the labor market. Spot gold rose 1.4% to \$2,645.6 an ounce, while gold futures expiring in December rose 1.4% to \$2,662.50 an ounce. Gold set for muted week amid bets on smaller rate cut. Gold prices were still set to end the week marginally lower, as markets bet that the Fed will cut rates by a smaller margin in the coming months. Other precious metals rose on Friday, recouping a bulk of recent losses. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0734	1.1135
GBP/USD	1.2846	1.3247
USD/ZAR	15.5050	19.5103
USD/AED	3.6526	3.6936
USD/JPY	146.72	150.72

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