



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH OCTOBER 2024

DOMESTIC NEWS

The Kenyan shilling was steady against the dollar on Thursday as diaspora dollar inflows matched importer demand. The shilling traded at 128.50/129.50 against the dollar, according to LSEG data, the same as Wednesday's closing rate. (Reuters).

Kenya expects to receive Sh113 billion in the next tranche of loans from the International Monetary Fund (IMF) following a breakthrough in protracted talks that delayed funding from the multilateral lender after the rejection of new tax measures in June this year. The Treasury projects Sh64.4 billion in disbursements covering the seventh review of Kenya's programme with the IMF and a further Sh48.5 billion covering the eighth review of the multi-year facilities. The Central Bank of Kenya (CBK) earlier indicated that the IMF would combine the two disbursements following delays in release of monies covering the seventh review in September. (Business Daily)

In other local, Kenya now plans to cut domestic borrowing for 2024/25 by 5.9 percent to Sh388.37 billion, pushing it to the lowest point in five years as it looks to push interest rates downwards and stimulate private sector activity. The government last tapped a domestic loan of less than Sh400 billion in the 2019/2020 financial year when it borrowed Sh398.5 billion. The State is banking on a fresh US\$1.5 billion (Sh193.9 billion) commercial loan from the United Arab Emirates to help ease the pressure for borrowing from the local market. (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	163.98	176.98	163.18	177.88
EUR/KES	134.93	148.83	135.23	151.73
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

Most Asian currencies kept to a tight range on Friday as the dollar steadied at more than two-month highs as strong economic data furthered expectations of smaller interest rate cuts. Regional markets took few cues from Chinese gross domestic product data that showed the economy grew as expected in the third quarter. The yuan firmed slightly after the reading, with focus remaining on more stimulus measures from Beijing. The dollar index and dollar index futures both fell 0.1% in Asian trade, after racing to an over 2-½ month high on Thursday following stronger-than-expected retail sales data. The reading, coupled with signs of continued resilience in the labor market, saw traders largely maintain bets on a 25-basis point cut by the Federal Reserve in November.

On the other hand, GBP/USD extends recovery from a two-month low to trade above 1.3050 in European trading on Friday. Stronger-than-expected UK Retail Sales data put a fresh bid under the Pound. The EUR/USD is rebounding to near 1.0850 in the early European session on Friday. China's stimulus optimism and a broad US Dollar correction help the pair recover the dovish ECB decision-induced losses. All eyes remain on Fedspeak.

In the commodities markets, gold prices hit a record high in Asian trade on Friday, benefiting from safe haven demand with just weeks left to a closely contested U.S. presidential election, while an interest rate cut by the European Central Bank also helped. Spot gold rose 0.4% to a record high of \$2,705.26 an ounce, while gold futures expiring in December rose 0.5% to \$2,720.15 an ounce. The yellow metal firmed even as strong U.S. retail sales and labor market data furthered bets that U.S. interest rates will fall at a slower pace in the coming months.

On the other hand, Oil prices rose marginally in Asian trade on Friday, buoyed by some positive U.S. inventory data, but were headed for their worst week since early-September amid growing concerns over weak demand. Prices took little cheer from gross domestic product data showing top oil import China's economy grew largely as expected in the third quarter, as recent stimulus measures from the country underwhelmed. Brent oil futures expiring in December rose 0.2% to 74.60 a barrel, while West Texas Intermediate crude futures rose 0.2% to \$70.32 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0639	1.1040
GBP/USD	1.2852	1.3259
USD/ZAR	15.6041	19.6142
USD/AED	3.6527	3.6934
USD/JPY	147.83	151.84

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