



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH OCTOBER 2024

DOMESTIC NEWS

The Kenyan shilling was unmoved against the dollar on Friday. The shilling traded at 128.50/129.50 to the dollar, LSEG data showed, the same as Thursday's closing rate. (Reuters).

The International Monetary Fund (IMF) is upset over Kenya's plans to borrow Sh193.6 billion (\$1.5 billion) from the United Arab Emirates (UAE) as the country forges closer ties with the Emiratis. The fund reckons that the UAE debt is costly and is pushing Kenya to avoid commercial loans in favor of concessional credit issued by lenders such as the IMF. It argues that the commercial loan from the Middle East will derail Kenya's debt management plan, which seeks long-dated debt offered on concessionary terms. The UAE facility, which is under discussions, will be repaid after seven years and comes with an 8.25 percent interest rate and a seven-year tenor, Treasury Cabinet Secretary John Mbadi said on Wednesday. (Business Daily)

In other local news, the cost of running public offices under the national government increased nearly Sh12 billion in the first quarter of the current financial year despite austerity measures announced following the collapse of a plan for higher and new taxes. Government ministries, departments and agencies spent Sh280.09 billion on salaries and wages, administration, operation, and maintenance of offices between July and September, the latest data from the Treasury shows. The release of funds towards recurrent needs — excluding debt repayments and pension disbursements — represents a 4.47 percent growth over Sh268.10 billion in a similar period a year ago. (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	162.95	175.95	162.15	176.85
EUR/KES	134.21	148.11	134.51	151.01
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 August 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar held largely steady Friday, on course for a fourth straight week of gains, underpinned by falling expectations of aggressive Fed rate cuts as well as heightened political uncertainty. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded marginally lower at 103.880, still on track for a weekly gain of around 0.6%. The dollar has steadied Friday after a slight fall in the previous session on the back of lower U.S. Treasury yields. However, it has generally been in demand for much of the month as reasonably healthy economic data has seen the market scale back expectations of more hefty rate cuts by the Federal Reserve in the near future. This relative calm could disappear next week, with a highly consequential U.S. payrolls report due next Friday. However, ahead of this release, the focus may well be on the upcoming US presidential election, as market bets for a possible return of Donald Trump ramp up.

On the other hand, In Europe, EUR/USD edged marginally higher to 1.0833, on track for a weekly loss of more than 0.3%. The German Ifo business climate rose slightly in October, data showed Friday, but sentiment remains weak after eurozone business activity stalled again this month. The ECB has already cut rates three times this year, each time by 25 basis points, but expectations are growing that the central bank will consider a larger reduction at its next meeting. GBP/USD traded largely unchanged at 1.2972. USD/JPY rose 0.1% to 152.02, steadied near three-month highs, with the pair headed for a 1.6% gain this week - its fourth consecutive week of gains. USD/CNY edged higher to 7.1209.

In the commodities markets, Gold prices fell from near record highs in Asian trade on Monday as easing concerns over a bigger conflict in the Middle East dented safe haven demand for the yellow metal. Traders were largely biased towards the dollar in anticipation of the 2024 presidential election, which is now a week away. Flows into the dollar were also spurred by expectations of increased political uncertainty in Japan, after a coalition led by the ruling Liberal Democratic Party lost its parliamentary majority in a weekend election.

On the other hand, Oil prices tumbled more than \$3 a barrel on Monday after Israel's retaliatory strike on Iran over the weekend bypassed Tehran's oil and nuclear facilities and did not disrupt energy supplies, easing geopolitical tensions in the Middle East. Both Brent and U.S. West Texas Intermediate crude futures hit their lowest levels since Oct. 1 at the open. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0588	1.0989
GBP/USD	1.2748	1.3150
USD/ZAR	15.7024	19.7136
USD/AED	3.6529	3.6931
USD/JPY	151.52	155.54

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.