



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH OCTOBER 2024

DOMESTIC NEWS

The Kenyan shilling was steady against the dollar on Tuesday as companies exchanged hard currency to make end of month payments. The shilling traded at 128.50/129.50 the dollar, LSEG data showed, the same as Monday's closing rate. (Reuters).

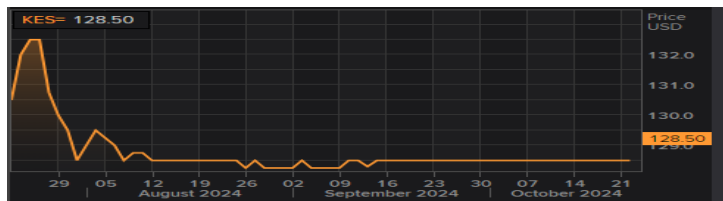
The Treasury has won a major relief after the Supreme Court reinstated the Finance Act 2023, allowing the government to continue collecting higher taxes using the law amid financial challenges. The seven-judge bench, led by Chief Justice Martha Koome, ruled that Parliament adhered to public participation requirements when drafting the Finance Bill. This judgment follows the CoA's earlier ruling, which had deemed the Act unconstitutional due to insufficient public participation. While the apex court ruling represents a setback for Kenyans facing increased taxation, it is a victory for the government in its effort to raise revenue through new tax measures. The Finance Act 2023, signed into law by President William Ruto in June 2023, introduced a Housing Levy requiring a 1.5 percent contribution from employees, matched by employers, to fund affordable housing. It also raised the value-added tax (VAT) on fuel from 8 percent to 16 percent, contributing to a rise in fuel prices, among other changes. (Business Daily)

In other local news, most businesses in key towns reported an increase in sales in third quarter of the year with retail stores and leisure outlets leading the pack, according to the ILAM Consumer Spending Index Q3 2024. Businesses in Mombasa had 83 per cent sales increase, the highest in followed by Nairobi, Nyeri, Eldoret, Nakuru and Kisumu at 68 per cent, 50 per cent, 48 per cent, 44% and 41 per cent respectively. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.15	134.15	124.15	134.15
GBP/KES	163.89	176.89	163.09	177.79
EUR/KES	134.79	148.69	135.09	151.59
AED/KES	31.16	44.16	33.16	44.66

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 steadied at elevated levels Tuesday before the release of a string of key economic readings this week. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded slightly lower at 104.122, but was poised for a 3.6% gain for the month, its best performance in over 2 years. The dollar has been boosted of late by a series of economic data releases pointing to the underlying strength of the U.S. economy, resulting in investors penciling in a slower pace of interest rates from the Federal Reserve than had previously been seen likely. September's JOLTS job openings data is due later in the session today sees US gross domestic product data. But most eyes will be on September's U.S. core personal consumption expenditures price index - the Fed's preferred measure of inflation - on Thursday, followed by the monthly jobs report on Friday. Another factor boosting the dollar has been the increasing confidence that Republican candidate Donald Trump will win next week's U.S. presidential election. Trump's policies on tariffs, tax and immigration are seen as inflationary, thus positive for the dollar.

On the other hand, EUR/USD edged 0.1% higher to 1.0817, helped by the German GfK consumer sentiment index increasing more than expected, rising to -18.3 points from a slightly revised -21.0 the prior month. GBP/USD traded 0.1% higher to 1.2982, with sterling holding steady ahead of Wednesday's Budget, the first for the new Labor Government. USD/JPY rose 0.1% to 153.38, just below Monday's low, the yen's weakest level since July, following Japan's national election on Sunday. USD/CNY rose 0.2% to 7.1376, to an over two-month high, ahead of the release of the Chinese purchasing managers index data on Thursday.

In the commodities markets, Oil prices held at more than one-month lows, after sliding in the previous two sessions, as markets weighed a potential ceasefire between Israel and Hezbollah and rising OPEC+ crude supplies against a possible drop in U.S. fuel stocks. Brent crude futures gained 38 cents, or 0.5%, to \$71.50 a barrel. U.S. West Texas Intermediate crude futures rose 43 cents, or 0.6%, to \$67.64 per barrel. Prices fell for a second straight session on Tuesday when an Axios reporter said on X that Israeli Prime Minister Benjamin Netanyahu would hold an imminent meeting with several ministers, the heads of the military and intelligence community about talks on a diplomatic solution to the war in Lebanon.

On the other hand, gold prices hit a record high in Asian trade on Wednesday as safe haven demand was boosted by increased political uncertainty in the U.S. and Japan, as well as anticipation of more cues on interest rates. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0618	1.1019
GBP/USD	1.2802	1.3204
USD/ZAR	15.6777	19.6850
USD/AED	3.6527	3.6933
USD/JPY	151.28	155.29

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