



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST OCTOBER 2024

DOMESTIC NEWS

The Kenyan shilling strengthened slightly against the dollar on Wednesday, bolstered by foreign currency inflows from remittances and the tea and tourism sectors. The shilling traded at 128.50/129.50 the dollar, LSEG data showed, compared to Tuesday's closing rate of 129.05/130.05. (Reuters).

The Sh7 a litre added to the fuel levy in July will be used to pay off Kenya's inaugural Sh175 billion roads bond, underscoring the State's defiance amid the public uproar that greeted the sharp increase. The Treasury has approved a request by the Kenya Roads Board (KRB) to use the Sh7 generated from a litre of diesel and petrol as security for the bond, with the cash being used to compensate investors who will buy the multi-billion-shilling bond. The Road Maintenance Levy Fund (RMLF) was increased from Sh18 to Sh25 per litre of fuel, sparking public uproar and court petitions. Revelations of the plan to back the bond with the levy offer clues why the State defied public opposition to increase in the levy, which came days after President William Ruto withdrew the Finance Bill containing the tax hikes in response to youth-led mass protests. (Business Daily)

In other local news an escalation of conflicts in the Middle East could raise the global costs of producing fertiliser in 2025, new World Bank projections showed, casting a shadow on Kenya's plans to distribute over 93,000 tonnes of the farm input under a subsidy programme. In its latest commodity markets outlook, the World Bank said the conflict could drive up the costs of oil as well as those of natural gas, which are key ingredients in the manufacture of fertiliser, resulting to higher-than-expected prices of the crucial plant nutrients. (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	163.04	176.04	162.25	176.94
EUR/KES	135.05	148.95	135.35	151.85
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 dollar softened against other major currencies on Wednesday, after stronger-than-expected U.S. data and a UK budget release set off choppy trading in a market awaiting jobs data later this week and a U.S. election the next. U.S. private payrolls growth surged in October, overcoming fears of temporary disruptions from hurricanes and strikes, according to the ADP National Employment Report. Meanwhile, separate data showed the U.S. economy grew at an annualized rate of 2.8% in the third quarter, slightly lower than the 3% expected by economists. The U.S. dollar index, which measures the currency against six major rivals, rose to 104.43 earlier in the session but was last seen down 0.17% to 104.06. It rose to the highest since July 30 at 104.63 on Tuesday. Mixed U.S. indicators overnight, showing a loosening U.S. jobs market but a confident consumer, provided little clarity on the outlook for Federal Reserve rates, allowing the greenback to drift lower with Treasury yields. Recently though, economic readings have pointed to a resilient jobs market and economy, spurring traders to pare back their bets on rate cuts.

On the other hand, GBPUSD, which fell as much as 0.6% as British finance minister Rachel Reeves delivered the Labour government's first budget, was last down 0.34% at \$1.2971. EUR/USD edged 0.3% higher to 1.0850, helped by stronger than expected German third-quarter growth data. Germany's gross domestic product unexpectedly grew by 0.2% in the third quarter compared with the previous three-month period, a considerable improvement from the 0.1% quarter-on-quarter decrease expected. USD/JPY fell 0.2% to 153.12, with the pair retreating after nearly reaching 154 in overnight trade. USD/CNY fell 0.1% to 7.1241.

In the commodities markets, Oil prices rose on Thursday, extending the previous day's rally, driven by optimism over U.S. fuel demand following an unexpected drop in crude and gasoline inventories, while reports that OPEC+ may delay a planned output increase offered support. Brent crude futures gained 35 cents, or 0.5%, to \$72.90 a barrel. U.S. West Texas Intermediate crude futures climbed 32 cents, or 0.5%, to \$68.93 per barrel. Both contracts rose more than 2% on Wednesday, after falling more than 6% earlier in the week on the reduced risk of wider Middle East war.

On the other hand, Gold prices climbed at a record high Wednesday as safe haven demand was boosted by increased political uncertainty in the U.S. and Japan. Spot gold rose 0.4% to 2,785.47 and had earlier hit a record high of \$2,790.01 an ounce, while gold futures expiring in December rose 0.6% to \$2,796.85 an ounce. Election uncertainty mounts, gold demand upbeat. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0651	1.1052
GBP/USD	1.2755	1.3156
USD/ZAR	15.6576	19.6642
USD/AED	3.6528	3.6933
USD/JPY	150.83	154.84

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