



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 06<sup>TH</sup> NOVEMBER 2024

### DOMESTIC NEWS

The Kenyan shilling was stable against the dollar on Tuesday, boosted by a surplus of dollars left over from month-end payments. The shilling traded at 128.50/129.50 to the dollar at 0732 GMT, the same as Monday's closing rate. (Reuters).

The International Monetary Fund (IMF) has warned Kenya against a larger interest rate cut despite the fall in inflation to a 17-year low and the recent stability of the shilling, saying that easing monetary policy risks price stability. The IMF caution clashes with recent pronouncements by the Treasury and the Central Bank of Kenya (CBK) that rates should be brought down in order to stimulate economic growth. In a country report on Kenya following the seventh and eight reviews of its medium-term funding programme, the IMF says it sees lingering inflationary risk in a low-rate environment. The multilateral lender warns that Kenya also risks losing the ability to attract external investment flows if it lowers the returns available from its financial assets. (Business Daily)

In other local news, Kenya's private sector activity edged up slightly in October on the uptick in demand for goods and services, prompting firms to grow their workforce for the first time in three months. The growth in business operating conditions was, however, fractional, with companies and households still battling cash flow challenges amid a tough economic setting riddled with political uncertainty, the findings of the Stanbic Kenya Purchasing Managers Index (PMI) suggested Tuesday. (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	162.34	175.34	161.54	176.24
EUR/KES	133.88	147.78	134.18	150.68
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 surged to a near four-month high on Wednesday, while Asian currencies fell across the board as early vote counting showed Donald Trump squarely in the lead in the 2024 presidential election. Dollar rallies as Trump leads in early voting. The dollar index and dollar index futures surged nearly 1.4% each in Asian trade, reaching their strongest levels since early-July. Coverage of early vote counting by the Associated Press showed Donald Trump well ahead of Kamala Harris with 230 electoral votes, compared to Harris' 210 votes. Trump was also seen leading in key battleground states including North Carolina, Georgia, Pennsylvania and Wisconsin. A Trump presidency is expected to see increased U.S. protectionist policies, likely spurring more strength in the dollar. Trump is also expected to enact more inflationary policies, keeping interest rates higher in the long-term. U.S. Treasury yields also shot up on this notion, with the 10-year rate hitting a four-month high.

On the other hand, Chinese yuan weakens amid reports of intervention. The Chinese yuan weakened on Wednesday, with the USDCNY pair rising 0.6%. The yuan's offshore USDCNH pair rose 0.8%. Trump has vowed to impose steep tariffs against China if reelected, presenting a tougher outlook for the yuan if he wins the presidency. GBP/USD offers its recent gains registered in the previous session, trading around 1.2940 during the Asian hours on Wednesday. The pair depreciates as the US Dollar (USD) gains momentum on strengthening Trump trades as the voting favored Republican candidate Donald Trump in the US presidential election. EUR/USD pair falls to around 1.0805 during the Asian trading hours on Wednesday.

In the commodities markets, Oil prices fell more than 1% on Wednesday as the dollar firmed on market bets the U.S. presidential election could swing in Republican Donald Trump's favor though the race was still too close to call, and as U.S. crude stocks rose more than forecast. Brent crude oil futures was last down 90 cents, or 1.2%, to trade at \$74.63 per barrel, while U.S. West Texas Intermediate (WTI) crude lost 82 cents, or 1.1%, to trade at \$71.17 per barrel.

On the other hand, Gold prices fell slightly in Asian trade on Wednesday, pressured by a spike in the dollar and Treasury yields as early voting showed Donald Trump ahead of Kamala Harris in the 2024 presidential election. Spot gold fell 0.2% to \$2,737.27 an ounce, while gold futures expiring in December fell 0.1% to \$2,746.10 an ounce. Gold prices were pressured by a stronger dollar and yields, as the greenback raced to a near four-month high.

(Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0563	1.0963
GBP/USD	1.2698	1.3103
USD/ZAR	15.6651	19.6727
USD/AED	3.6528	3.6933
USD/JPY	151.57	155.62

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