



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 03RD OCTOBER 2024

DOMESTIC NEWS

Kenya's shilling was steady on Wednesday, and was expected to firm, helped by dollar inflows from tea exporters. The shilling traded at 128.50/129.50 per dollar, the same as Tuesday's closing rate. (Reuters).

Kenya's inflation rate fell to 3.6 percent in September, down from 4.4 percent in August, according to the Kenya National Bureau of Statistics (KNBS). The drop occurred despite rising costs for food and services, including education and transport. The rate represents a 3.2 percent decline compared to the same period last year. KNBS Director Macdonald Obudho attributed the drop to a stable, low exchange rate. A reduction in fuel prices also helped lower costs for housing, water, electricity, and gas, contributing to the overall decline in inflation. (The standard)

On other local news, the Treasury tapped a Sh36 billion concessionary loan from China to pay arrears and allow works to resume on 16 roads under construction by the country's firms, underlining the mounting struggles to fund such projects. Treasury Cabinet Secretary John Mbadi said the loan was tapped from China Development Bank and targeted roads where less than 25 percent of the works have been done. Revelations of the soft loan highlight the woes facing the Exchequer in funding road projects and repaying Sh167 billion owed to both local and foreign firms on the works. (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	166.93	179.93	166.13	180.83
EUR/KES	137.43	151.33	137.73	154.23
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

The dollar hit a three-week high against the euro on Wednesday after the ADP national employment report showed U.S. private payrolls increased more than expected in September, ahead of Friday's highly anticipated jobs data. Private payrolls increased by 143,000 jobs last month after rising by an upwardly revised 103,000 in August, the ADP National Employment Report showed on Wednesday. Economists polled by Reuters had forecast 120,000 job additions. Improving economic data and more hawkish comments from Federal Reserve Chair Jerome Powell on Monday have boosted the dollar and led traders to pare bets that the U.S. central bank will cut rates by another 50 basis points when it meets next month. The dollar index rose 0.42% to 101.68, the highest since Sept. 11

On the other hand, EURUSD fell 0.27% to \$1.1037, the lowest since the same date. The single currency has weakened on increasing expectations that the European Central Bank will cut interest rates later this month as inflation recedes. Euro zone inflation is increasingly likely to ease back to the ECB's 2% target, ECB board member Isabel Schnabel said. GBP/USD traded 0.1% higher to 1.3293, considerably below last week's high of 1.3430. USD/JPY rose 0.3% to 144.06. USD/CNY edged higher to 7.0185.

In the commodities markets, Oil prices rose on Thursday as the prospect of a widening Middle East conflict that could disrupt crude oil flows from the key exporting region overshadowed a stronger global supply outlook. Brent crude futures gained 80 cents, or 1.08%, to \$74.7 a barrel as of 0405 GMT. U.S. West Texas Intermediate crude futures gained 85 cents, or 1.21%, to \$70.95. Israel bombed central Beirut in the early hours of Thursday, killing at least six people, after its forces suffered their deadliest day on the Lebanese front in a year of clashes against Iran-backed armed group Hezbollah.

On the other hand, Gold prices have surged into uncharted territory, driven by Iran getting directly involved into the escalating conflict between Israel and Lebanon. This latest catalyst in geopolitical tension has fueled a bullish sentiment, with gold now trading at all-time high levels. Market analysts are now projecting one-year targets between \$2,900 and \$3,200 per ounce, up from the current \$2,650. Since the beginning of September 2024, the yellow metal has gained 5.24 per cent in international markets and 4.5 per cent in Mumbai's spot market. The rally shows no signs of slowing.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0830	1.1231
GBP/USD	1.3011	1.3412
USD/ZAR	15.4059	19.4159
USD/AED	3.6528	3.6933
USD/JPY	144.69	148.69

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.