



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was steady against the dollar on Wednesday, boosted foreign exchange inflows from the tourism and tea sectors and remittances. The shilling traded at 128.50/129.50 to the dollar, LSEG data showed, the same as Tuesday's closing rate as demand seemed to be very muted, compared to the supply that has been there. (Reuters).

The shilling remained relatively stable on Wednesday following the victory of Donald Trump in US elections that occasioned a sharp, one-day rally of the dollar against major world currencies. Live foreign exchange data showed that the Kenyan shilling remained steady at around Sh129 to the US dollar. It was not clear whether the Central Bank of Kenya (CBK) had intervened to maintain the local currency's trading at that level. Major currencies around the globe, including the Euro, the British Pound, Japanese Yen and the Chinese Yuan all recorded a sharp drop against the dollar during the rally that began once the Republican candidate's victory became apparent on Wednesday morning East African time. (Business Daily).

In other local news, Growth in lending by banks to the private sector slowed to a 22-year low of 0.4 percent in September, piling pressure on the Central Bank of Kenya (CBK) to lower its base rate despite concerns by the International Monetary fund that this could trigger fresh inflationary pressure. The expansion in loans to households and businesses has been slowing down for nine consecutive months to a level last seen in September 2003 (-0.6 percent), threatening growth of the economy. The private sector depends on loans from banks to fund new investments and support consumption, key ingredients in expanding GDP. (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	162.71	175.71	161.91	176.61
EUR/KES	133.64	147.54	133.94	150.44
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 soared Wednesday, set for its biggest one-day rise since March 2020, as Donald Trump closed in on presidential victory, while a Republican clean sweep of Congress also looked likely. The Dollar Index, which tracks the greenback against a basket of six other currencies, rose 1.4% to 104.737, after earlier climbing as high as 105.237, a four-month peak. Republican candidate Donald Trump declared himself the victor in the US presidential election earlier Wednesday, despite the race yet to be officially called, saying the win gives him a "powerful mandate" to enact his various economic policies. The Republican party had also won a majority in the Senate and was also seen on course to also win the House of Representatives. Trump's fiscal, tariff and immigration policies are seen as inflationary by analysts, buoying treasury yields and in turn the dollar. The Federal Reserve also meets this week, concluding its gathering today. Markets have been positioning for another rate cut, this time by 25 basis points instead of the jumbo 50-basis point reduction seen in September.

On the other hand, EUR/USD slumped 1.5% to 1.0762, falling to its lowest level since early July as a second term for Donald Trump as US president became more likely. This Euro's weakness came despite Germany's services sector seeing a slight uptick in business activity in October, reaching a three-month high, earlier Wednesday. GBP/USD fell 1% to 1.2917, with the Bank of England likely to authorize another rate cut of 25 basis points today, its second cut following its first reduction in the cost of borrowing in four years in August. USD/JPY soared 1.6% to 153.95, to an over three-month high, as the Trump victory drew nearer.

In the commodities markets, gold prices fell slightly in Asian trade on Thursday, extending steep losses from the prior session after Donald Trump's victory in the 2024 elections sparked a rally in the dollar and risk assets. The yellow metal was also battered by a hefty dose of profit-taking, having notched a series of record highs in the run-up to the elections. Spot gold fell slightly to \$2,658.03 an ounce, while gold futures expiring in December fell 0.4% to \$2,664.70 an ounce. Spot gold prices tumbled more than 3% on Wednesday after Trump's victory saw the dollar rally to four-month highs.

On the other hand, Oil prices rose on Thursday following a sell-off triggered by the U.S. presidential election, as risks to oil supply from a Trump presidency and a hurricane building in the Gulf Coast outweighed a stronger U.S. dollar and higher inventories. Brent crude oil futures were up 65 cents, or 0.87%, at \$75.57 per barrel. U.S. West Texas Intermediate (WTI) crude gained 54 cents or 0.75% to \$72.23. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0541	1.0942
GBP/USD	1.2723	1.3130
USD/ZAR	15.5749	19.5820
USD/AED	3.6527	3.6934
USD/JPY	152.10	156.11

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.