



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was barely changed on Friday, as dollar supply from exports matched demand from the manufacturing sector and oil retailing companies. The shilling traded at 128.70/129.70, LSEG data showed, compared with Thursday's closing rate of 128.75/129.75. (Reuters)

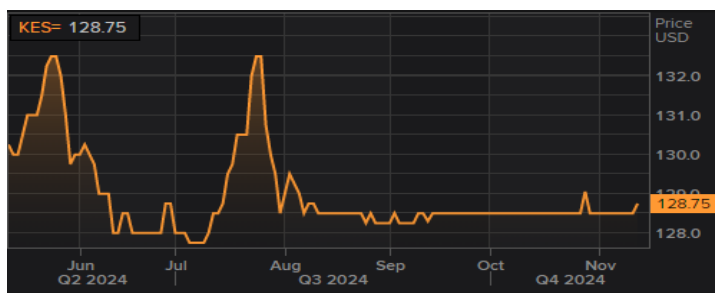
The proposed amendments to Kenya's Business Laws (Amendment) Bill, 2024 could give the Central Bank of Kenya (CBK) the power to regulate the pricing of buy-now-pay-later (BNPL) companies. The bill broadens the definition of credit providers to include BNPL firms and non-deposit taking lenders. If passed, the CBK would oversee these providers, which could involve approving loans, setting pricing parameters, and ensuring consumer protection in the BNPL sector. This move seeks to bring greater regulatory oversight to the growing digital credit market.

In other local news, the EU has postponed the implementation of its anti-deforestation rules under the European Union Deforestation Regulation (EUDR) by one year. Large traders must comply by December 2025, and smaller enterprises have until June 2026. The regulation requires proof that agricultural products, including coffee, cocoa, and palm oil, are not linked to deforestation after December 31, 2020. The extension addresses concerns from stakeholders about insufficient time for compliance and aims to ensure a smooth transition without undermining environmental goals. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	159.59	172.59	158.79	173.49
EUR/KES	131.60	145.50	131.90	148.40
AED/KES	31.26	44.26	33.26	44.76

	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 saw its biggest weekly gain in over a month as markets adjusted expectations for future Fed rate cuts, driven by the belief that Trump-era policies like tariffs and tax cuts could fuel inflation. Fed Chair Jerome Powell's comments about not rushing to lower rates further dampened hopes for imminent rate cuts. The dollar index is trading around a one-year high against a basket of currencies at 107.07, having risen nearly 1.65% this week, set for its best performance since September. It was last down 0.19% at 106.68.

On the other hand, the euro fell for a second straight week to its lowest since October 2023 before recovering to \$1.054025, despite hawkish Fed signals. Analysts cite waning confidence in U.S. political stability and the "Trump trade." U.S. retail sales showed modest growth in October, but consumer spending momentum slowed. The probability of a December Fed rate cut dropped from 82% to 61%. Meanwhile, the British pound saw its steepest weekly drop since January 2023, down 2.4%, after weak GDP data revealed contraction in September and stagnant third-quarter growth. The dollar also strengthened against the Japanese yen, briefly surpassing 156 yen for the first time since July, before easing to 154.145.

In the commodities markets, Oil prices rose slightly on Monday, with Brent crude at \$71.33 per barrel (+0.4%) and WTI at \$67.20 per barrel (+0.3%). The gains followed heightened geopolitical tensions after Russia's largest airstrike on Ukraine in months and a U.S. policy shift allowing Ukraine to strike Russian territory with long-range missiles. Analysts warn that targeting Russian oil infrastructure could push prices higher. Despite these developments, oil markets remain pressured by weak Chinese demand, with refinery output dropping 4.6% in October, and concerns over a global supply surplus projected by the IEA. Additionally, U.S. oil production slowed, with rig counts at their lowest since July.

On the other hand, gold prices rose today, trading at \$2,585.20 per ounce, up 0.89%. This marks a continuation of strong performance amid global economic uncertainties. Analysts attribute the rise to expectations of potential Federal Reserve rate cuts in 2024, along with sustained safe-haven demand and central bank purchases. Forecasts for the year remain optimistic, with some predicting prices between \$2,400 and \$3,000 per ounce by the end of 2024. Factors like potential U.S. dollar weakness, economic volatility, and global market risks could further support gold prices. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0343	1.0744
GBP/USD	1.2433	1.2834
USD/ZAR	16.1299	20.1396
USD/AED	3.6528	3.6931
USD/JPY	152.52	156.53

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.