



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling strengthened slightly on Wednesday. The shilling traded at 128.70/129.70, compared to Tuesday's closing rate of 128.75/129.75. (Reuters)

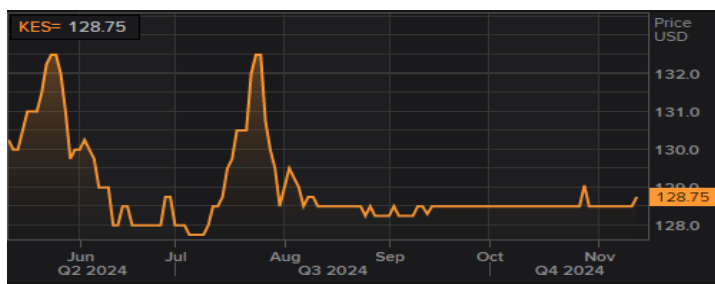
The Kenya Revenue Authority (KRA) has reported a revenue shortfall of Sh42.9 billion for the first four months of the 2024/25 fiscal year, with total revenues amounting to Sh885.3 billion against a target of Sh928.2 billion. The largest gap of Sh48.1 billion is attributed to missed tax collection targets, although there has been a recent recovery in netting efforts. Despite this, ordinary revenue taxes have shown the most significant shortfall compared to the same period last year.

In other local news, In October, Kenyans living abroad sent a record \$437.2 million (Sh56.2 billion) in remittances, surpassing the previous high of \$427.2 million set in August. This represents a 4.5% increase from the \$418.5 million (Sh53.7 billion) sent in September. On average, daily remittances amounted to Sh1.81 billion. Over the first 10 months of the year, total remittances reached \$4.08 billion (Sh527.92 billion), marking a 17.7% increase from the same period in 2023. Remittances from regions outside the US and Europe, including Asia, Australia, and Africa, grew by 12.6%, contributing \$117.88 million (Sh15.3 billion). (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	159.89	172.89	159.09	173.79
EUR/KES	131.74	145.64	132.04	148.54
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%	4.00%



USD movement from August 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

On Thursday, most Asian currencies weakened as the dollar remained near one-year highs, driven by growing doubts about a potential interest rate cut by the Federal Reserve in December. The dollar was supported by speculation over expansionary policies under a potential Donald Trump presidency, along with persistent inflation data for October and less dovish signals from the Fed. The dollar index and its futures held steady after a strong overnight performance. The rise in the dollar was fueled by cautious sentiment regarding future rate cuts, following comments from Fed Chair Jerome Powell indicating that a resilient U.S. economy gives the Fed more time to assess rate cuts. U.S. purchasing managers index data is due this week and is set to provide more cues on the world's largest economy. Jobless claims data is also due later on Thursday, while several Fed officials are set to speak in the coming days.

On the other hand, the GBP/USD weakened by 0.27%, trading at \$1.248. The pound had initially risen following data showing that UK inflation surged more than expected, surpassing the Bank of England's 2% target, with underlying price growth also picking up. The EUR/USD slightly appreciated after losses in the previous session, trading around 1.0550 during Asian hours. Meanwhile, the USD/JPY strengthened by 0.43%, reaching 155.31.

In the commodities markets, oil prices rose slightly due to supply concerns fueled by escalating geopolitical tensions from the ongoing Russia-Ukraine war. Brent crude futures for January increased by 28 cents (0.4%) to \$73.09, while U.S. West Texas Intermediate (WTI) crude futures for January also rose by 28 cents (0.4%) to \$69.03. The increase followed Ukraine's recent launch of British Storm Shadow cruise missiles into Russia, marking the latest use of Western weapons in the conflict. Moscow has warned that such actions could significantly escalate the war.

On the other hand, gold prices rose as safe-haven demand increased amid heightened tensions over the Russia-Ukraine conflict, although the gains were limited by the resilience of the dollar. Gold rebounded sharply from two-month lows, supported by slight dollar weakness, but the greenback steadied, capping further price increases. Spot gold rose 0.7% to \$2,650.19 per ounce, while December gold futures gained 0.9% to \$2,653.65 per ounce. Market uncertainty about the potential economic and interest rate policies under a Donald Trump presidency also added to the volatility, with doubts lingering over whether the Federal Reserve will cut rates in December. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0349	1.0750
GBP/USD	1.2450	1.2856
USD/ZAR	16.1213	20.1289
USD/AED	3.6524	3.6934
USD/JPY	153.07	157.10

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.