



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was stable on Friday. The shilling traded at 129.00/130.00, the same as Thursday's closing rate. (Reuters)

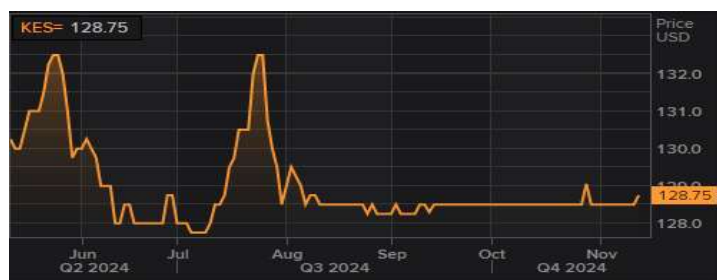
In September, mobile money transactions in Kenya declined by 7% compared to the start of the year, according to the latest data from the Kenya National Bureau of Statistics (KNBS). Despite this decline, the total value of transactions from January to September was KSh 6.5 trillion, up from KSh 5.8 trillion in the same period last year. This growth was partly driven by Airtel's policy change in August of the previous year, where it increased its transaction limit from KSh 150,000 to KSh 250,000 after engaging with the Central Bank of Kenya (CBK). Airtel also kept transaction fees for this new limit the same as those for transactions between KSh 70,001 and KSh 150,000, making higher transactions more affordable. Mobile money remains crucial for financial inclusion in Kenya, with mobile money subscriptions reaching nearly 40 million, reflecting a 77.3% penetration rate.

In other local news, Kenya is proceeding with plans to secure a Sh193 billion (\$1.5 billion) loan from the United Arab Emirates (UAE), despite caution from the International Monetary Fund (IMF) regarding the potential impact on the country's debt levels. To mitigate these concerns, sources reported by Bloomberg suggest that the loan will be disbursed in tranches, ensuring that it remains within the borrowing limits established under Kenya's four-year IMF programme, which ends in April. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.50	137.00	125.50	136.75
GBP/KES	159.06	170.91	158.26	171.46
EUR/KES	130.78	144.18	131.08	145.58
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

The US dollar reached a new high on Friday, with the Dollar Index, which measures the dollar against six other currencies, rising by 0.6% to 107.614. This marks the dollar's highest level since early October 2023. The dollar has gained about 3% this month, driven by expectations that Donald Trump's presidential election victory could reignite inflation and limit the Federal Reserve's ability to cut interest rates. Additionally, strong employment data, including a surprise slowdown in jobless claims, contributed to the dollar's strength. As a result, markets now estimate a 57.8% chance of a 25-basis-point rate cut, down from 72.2% last week.

On the other hand, the EUR/USD pair fell by 0.8% to 1.0389, reaching its lowest level in two years. The euro was pressured by a weak economic outlook in the Eurozone and recent developments in Ukraine. Eurozone business activity unexpectedly worsened this month, with the services sector contracting and manufacturing slipping further into recession, according to a survey released on Friday.

Meanwhile GBP/USD pair dropped 0.4% to 1.2536, marking its weakest level against the dollar since May, following a contraction in British business output for the first time in over a year. The USD/JPY fell 0.1% to 154.38 after Japan's consumer price index inflation for October exceeded expectations, with the core measure surpassing the Bank of Japan's annual target, fueling expectations of another rate hike. Meanwhile, the USD/CNY rose 0.2% to 7.2491, approaching a four-month high.

In the commodities markets, Oil prices retreated on Monday following 6% gains last week, but remained near two-week highs as geopolitical tensions grew between Western powers and major oil producers Russia and Iran, raising risks of supply disruption. Brent crude futures slipped 26 cents, or 0.35%, to \$74.91 a barrel by 0440 GMT, while U.S. West Texas Intermediate crude futures were at \$70.97 a barrel, down 27 cents, or 0.38%.

On the other hand, gold prices fell sharply in Asian trade on Monday, pressured by a drop in safe haven demand after reports of ceasefire talks between Israel and Hezbollah pointed to a potential de-escalation in the Middle East. Spot gold fell 1.6% to \$2,670.82 an ounce, while gold futures expiring in December fell 1.5% to \$2,697.10 an ounce. Israel is close to clinching a ceasefire deal with Lebanese militant group Hezbollah, reports from Axios and CNN said over the weekend, with the U.S. brokering the deal.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0285	1.0687
GBP/USD	1.2397	1.2802
USD/ZAR	16.0356	20.0482
USD/AED	3.6530	3.6931
USD/JPY	152.38	156.40

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.