



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> NOVEMBER 2024

### DOMESTIC NEWS

The Kenyan shilling was steady against the dollar on Monday. The shilling traded at 129.00/130.00 to the dollar, the same as Friday's closing rate. (Reuters)

The Kenyan shilling has weakened to a near four-month low due to the strengthening of the US dollar, particularly following Donald Trump's re-election. As of last Friday, the shilling traded at 129.55 to the dollar, down from 129.19 on November 6. This marks its weakest level since August. The depreciation is concerning because Kenya relies heavily on the US dollar for international trade, and the weakened shilling could lead to higher import costs, impacting inflation and the cost of living. The dollar's strength is partly driven by expectations of dollar-friendly policies under Trump's administration, such as potential import tariffs.

In other local news, Kenya has dropped 17 places in the Africa Visa Openness Report 2024, ranking 46th out of 54 African countries, marking its worst score since the survey began in 2016. This decline is largely attributed to the introduction of President William Ruto's administration's "visa-free" entry policy, which requires foreigners to register online three days before travel. As a result, Kenya has become one of the most difficult countries to visit in Africa, a stark contrast to its position as the 9th most welcoming country in 2018 when it abolished visa requirements for African nationals. The country's ease of travel ranking dropped from 29th last year. (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 | 158.52   | 171.52    | 157.72 | 172.42  |
| EUR/KES | 130.78   | 144.68    | 131.08 | 147.58  |
| 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 retreated from two-year highs on Monday after U.S. Treasury markets responded positively to President-elect Donald Trump's appointment of hedge fund manager Scott Bessent as Treasury Secretary. Investors are optimistic that Bessent will bring fiscal discipline, easing previous concerns. This led to a rally in U.S. Treasuries, with yields on 10-year bonds dropping by about 14 basis points, the largest decline since early August. As a result, the dollar's interest rate advantage diminished, and the dollar index, which tracks the greenback against six other currencies, fell by 0.61% to 106.83, more than 1% below its Friday peak.

On the other hand, EUR/USD rose 0.6% to 1.0476, recovering from Friday's two-year low of 1.0332, after European manufacturing surveys showed broad weakness, while U.S. surveys exceeded expectations. GBP/USD gained 0.4% to 1.2576, rebounding from six-week low following disappointing UK retail sales, which had led the market to anticipate higher chances of rate cuts by the Bank of England. USD/JPY fell 0.2% to 154.41, continuing a 0.4% drop from the previous week, with the pair typically tracking U.S. Treasury yields. USD/CNY slipped slightly to 7.2447, after rising 0.2% last week.

In the commodities markets, Gold prices saw a slight increase in Asian trade on Tuesday, rising due to heightened demand for safe-haven assets amid threats of more trade tariffs from president-elect Donald Trump. However, a strong dollar limited significant gains for the metal. Spot gold rose 0.1% to \$2,628.69 an ounce, while December gold futures gained 0.4%, reaching \$2,653.75 an ounce. Gold had previously faced steep losses after reports suggested a ceasefire between Israel and Lebanon, reducing safe-haven demand. Trump's tariff threats, including a 10% import tariff on China and a 25% tariff on Canada and Mexico, spurred concerns and supported gold's appeal as a safe haven.

On the other hand, Oil prices rose slightly in early Tuesday trade, recovering from a decline the previous day. Brent crude futures increased by 0.4%, reaching \$73.20 per barrel, while U.S. West Texas Intermediate (WTI) crude futures rose 0.38% to \$69.20 per barrel. Both benchmarks had dropped by \$2 per barrel on Monday after reports indicated that Lebanon and Israel had agreed on terms for a ceasefire to end the Israel-Hezbollah conflict, which reduced oil's risk premium. Market analyst Priyanka Sachdeva from Phillip Nova stated that the market's reaction to the ceasefire news was "over the top," noting that the Israel-Hamas conflict had not significantly disrupted oil supplies this year, despite fears of potential disruptions. (investing.com).

### Indicative Cross Rates

|         | Bid     | Offer   |
|---------|---------|---------|
| EUR/USD | 1.0279  | 1.0680  |
| GBP/USD | 1.2349  | 1.2756  |
| USD/ZAR | 16.0994 | 20.1086 |
| USD/AED | 3.6530  | 3.6931  |
| USD/JPY | 151.65  | 155.66  |

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