



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged against the dollar on Tuesday, as dollar inflows from remittances matched rising importer demand. The shilling traded at 129.00/130.00, the same as Monday's closing rate. (Reuters)

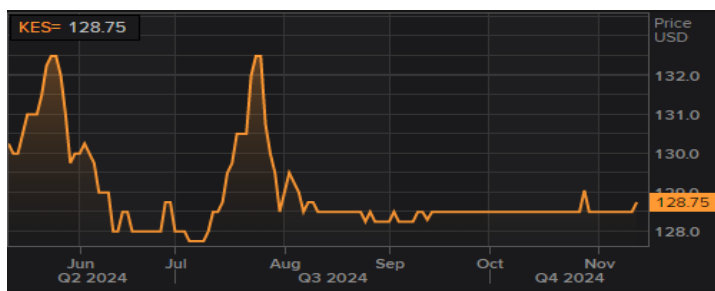
In the first three months of the current financial year, fuel demand rose by up to 5% compared to the same period in 2023, driven by lower fuel prices. Petrol consumption increased by 5.5% to 524.8 million liters, while diesel consumption rose by 2% to 677.6 million liters. Fuel prices as of September were significantly lower, with petrol at Sh188.84 per liter and diesel at Sh171.60, compared to Sh211.64 and Sh200.99, respectively, in the previous year. This boost in fuel consumption benefits the government through higher tax revenues, oil marketers through increased sales, and households due to lower inflation.

In other local news, Kenya's eight-year age limit for registering secondhand vehicles is set to take effect soon, with only five weeks left for vehicles registered in 2017 or earlier to be cleared at Kenyan ports. The Kenya Bureau of Standards (KEBS) issued a reminder to importers about the deadline. This rule, which is typically enforced in the last quarter of the year, may lead to higher demand for used cars. There is also a controversial proposal to reduce the age limit to five years, which would significantly increase the cost of used cars. The current criteria for importation require vehicles to be right-hand drive, roadworthy, and not registered before meeting the age limit. (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	158.79	171.79	157.99	172.69
EUR/KES	130.81	144.71	131.11	147.61
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 has faced challenges in gaining momentum this week, with Citi analysts suggesting its recent rally may be over in the short term. However, they still expect to buy the US currency on dips as 2025 approaches. The Dollar Index, which measures the greenback against six other major currencies, rose slightly by 0.1% to 106.917, having gained nearly 3% this month. Trading activity was low ahead of the U.S. Thanksgiving holiday. Meanwhile, former President Trump used his Truth Social platform to threaten 25% tariffs on Mexico and Canada unless they improve border control and proposed an additional 10% tariff on all Chinese imports once he takes office on January 20, in response to the flow of illegal drugs, particularly fentanyl, from China.

On the other hand, The EUR/USD rose by 0.1% to 1.0507, but the euro remains under pressure after hitting a two-year low last week, as Europe's economic outlook remains challenging, especially with potential global trade tensions under President-elect Donald Trump. GBP/USD traded flat at 1.2568, slightly above last week's six-week low, as economic weakness in the UK raises the likelihood of rate cuts from the Bank of England. USD/JPY fell 0.2% to 153.95, with the Japanese yen gaining as traders sought safe-haven assets amid renewed trade concerns. The Chinese yuan weakened against the U.S. dollar, reaching its lowest point in nearly four months, following Trump's trade tariff threats against Mexico, Canada, and China.

In the commodities markets, Gold prices saw a modest increase in Asian trade on Wednesday, continuing the small gains from the previous session, driven by ongoing demand for safe-haven assets amid concerns over potential U.S. trade tariffs. However, the gains were limited by the strength of the U.S. dollar and reduced demand for safe havens following easing tensions in the Middle East. Spot gold rose 0.3% to \$2,640.16 an ounce, while February gold futures climbed 0.7% to \$2,665.41 an ounce.

On the other hand, Oil prices stabilized on Wednesday as markets evaluated the potential impact of a ceasefire agreement between Israel and Hezbollah, while also preparing for the upcoming OPEC+ meeting on Sunday. Brent crude futures gained 5 cents, reaching \$72.86 a barrel, while U.S. West Texas Intermediate crude futures rose 3 cents to \$68.80 a barrel. Both benchmarks had fallen the previous day after Israel reached a ceasefire deal with Lebanon's Hezbollah.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0279	1.0680
GBP/USD	1.2368	1.2774
USD/ZAR	16.1472	20.1560
USD/AED	3.6524	3.6934
USD/JPY	150.19	154.22

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.