



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH NOVEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Wednesday. The shilling traded at 129.00/130.00, according to LSEG data, the same as Tuesday's closing rate. (Reuters)

Kenya's public debt rose by Sh228.96 billion in the first three months of the 2024/25 fiscal year, reaching Sh10.8 trillion by September 2024, up from Sh10.6 trillion in June. This 2.2% increase occurred during a period of significant tax revenue shortfalls, with the Kenya Revenue Authority (KRA) missing its targets by Sh35 billion in July, Sh25 billion in August, and Sh10 billion in September. The revenue gap resulted from the withdrawal of the Finance Bill 2024, leading to a Sh334 billion budget deficit. Domestic debt increased by Sh191.4 billion (3.5%), totaling Sh5.6 trillion, while external debt rose by Sh37.5 billion (0.7%). The domestic debt increase is linked to higher returns on government debt securities held by banks and institutional investors.

In other local news, Kenya's Parliament rejected a proposal that would have required counties to forgo part of their equitable share due to missed revenue targets in the financial year ending June 2025. On Tuesday, lawmakers voted to adopt the National Assembly Budget and Appropriations Committee's recommendation to remove a clause from the Division of Revenue (Amendment) Bill, 2024. If passed, this clause would have mandated counties to forgo up to 15% of the revenue shortfall, potentially costing them billions of shillings. (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	160.02	173.02	159.22	173.92
EUR/KES	131.76	145.66	132.06	148.56
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 U.S. dollar fell broadly on Wednesday in light pre-holiday trading, influenced by economic data showing U.S. economic strength and concerns about a potential tariff war under President-elect Donald Trump. The dollar's recent rally unwound as traders avoided making major moves ahead of the Thanksgiving weekend. Revised data indicated that U.S. GDP grew at 2.8% in the third quarter, matching previous estimates, which offered little support for expectations of a Federal Reserve rate cut in December. Nevertheless, traders slightly raised the odds of a rate cut to 67%. Both the U.S. Dollar Index and U.S. Dollar Index Futures rose by 0.1%.

On the other hand, On Wednesday, EUR/USD rose by 0.3% to 1.0514, driven by broader dollar weakness, though the euro remains pressured by a weak European economic outlook. Data showed France's consumer confidence index declined in November due to growing fears about unemployment. GBP/USD also gained 0.3%, reaching 1.2607, moving further away from last week's six-week low. Meanwhile, USD/JPY fell 1% to 151.58, with the Japanese yen benefiting from safe-haven demand and rising expectations for a December rate hike in Japan. USD/CNY edged down to 7.2505, but remained near a four-month high amid concerns about potential tariffs under President-elect Trump, which could harm the already fragile Chinese economy.

In the commodities markets, Oil prices edged lower on Thursday following a surprise increase in U.S. gasoline inventories. Investors are focusing on the upcoming OPEC+ meeting this weekend, where oil output policy will be discussed. Brent crude futures dropped by 14 cents (0.2%) to \$72.69 per barrel, while U.S. West Texas Intermediate crude futures also fell by 14 cents (0.2%) to \$68.58 a barrel. Trading activity is expected to be light due to the U.S. Thanksgiving holiday. According to market strategist Yeap Jun Rong, oil is likely to maintain its near-term bearish momentum as risks of supply disruptions in the Middle East decrease and U.S. gasoline inventories remain higher than expected.

On the other hand, Gold prices edged lower in Asian trading on Thursday, as concerns over persistent U.S. inflation and a strong economy raised doubts about the extent of future Federal Reserve interest rate cuts. Spot gold fell 0.2% to \$2,630.52 per ounce, while February gold futures dropped 0.4% to \$2,653.91. The release of strong Personal Consumption Expenditures (PCE) and GDP data contributed to the uncertainty, leading to doubts about the likelihood of significant rate cuts. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0347	1.0749
GBP/USD	1.2459	1.2864
USD/ZAR	16.2092	20.2196
USD/AED	3.6526	3.6936
USD/JPY	149.59	153.62

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.