



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 29<sup>TH</sup> NOVEMBER 2024**

**DOMESTIC NEWS**

The Kenyan shilling weakened slightly on Thursday, with the depreciation attributed to rising demand for the dollar from manufacturers and oil retailing companies. The shilling traded at 129.65/129.85, compared to Wednesday's closing rate of 129.00/130.00. (Reuters).

Banks have increased their holdings of cash and near-cash assets to strengthen their ability to meet financial obligations. By June 2024, the sector's liquid assets comprising Treasury bills, cash, and deposits with other banks rose to Sh3.3 trillion from Sh2.9 trillion a year earlier, according to the Central Bank of Kenya (CBK). These assets now cover 59.5% of the banking industry's Sh5.5 trillion in net deposit liabilities, up from 56.4% last year, reflecting banks' growing liquidity buffers. Commercial banks are required to maintain at least 20% of their deposit liabilities in liquid assets to manage short-term demands, such as customer withdrawals.

In other local news, Oil dealers are advocating for higher profit margins on fuel, raising concerns about potential increases in fuel costs. They argue that the pricing formula, unchanged for six years, no longer reflects their rising operational expenses. Rubis SCA, the parent company of Rubis Energy Kenya, highlights delays by the Energy and Petroleum Regulatory Authority (EPRA) in reviewing the tariff established in 2018. (Business Daily).

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	124.70	134.70	124.70	134.70
<b>GBP/KES</b>	160.86	173.86	160.06	174.76
<b>EUR/KES</b>	132.21	146.11	132.51	149.01
<b>AED/KES</b>	31.31	44.31	33.31	44.81

	Amounts > 10 million	Amounts >100,000
	KES	USD
<b>2 Weeks</b>	9.50%	1.50%
<b>1 Month</b>	9.75%	2.50%
<b>3 Months</b>	10.00%	3.25%
<b>6 Months</b>	10.25%	3.50%
<b>1 year</b>	10.50%	4.00%



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

**INTERNATIONAL NEWS**

Asian currencies gained on Friday as the U.S. dollar weakened amid growing expectations of a December rate cut by the Federal Reserve. The Japanese yen led the rally, jumping sharply after inflation data from Tokyo came in stronger than anticipated, signaling persistent price pressures. Traders solidified bets on a 25 basis points cut by the Fed despite recent U.S. data showing economic resilience and stubborn inflation. This softened the dollar, with the dollar index and its futures both falling by 0.3% during Asian trading hours. With U.S. markets closed for Thanksgiving on Thursday, investors turned their attention to regional economic data. The holiday led to reduced trading volumes, adding to the subdued activity as November trading wrapped up.

On the other hand, On Thursday, the euro fell against the U.S. dollar as traders adjusted their expectations of future European Central Bank (ECB) rate cuts. Meanwhile, the GBP/USD pair remained near its weekly highs, experiencing a small dip of 0.05%. The Japanese yen, although weaker at 151.58 per dollar, was poised for a 2.1% weekly gain, its best in three months, due to a recovery from earlier losses. Markets are now factoring in a 53% chance of a rate hike by the Bank of Japan next month. Trading volumes were light due to the U.S. Thanksgiving holiday, leading to overall subdued market activity.

In the commodities markets, Oil prices saw a modest rise on Friday, driven by supply concerns after Israel and Hezbollah exchanged accusations of ceasefire violations. Additionally, uncertainty over a delayed OPEC+ meeting to discuss production policies kept traders cautious. By early trading, Brent crude edged up 0.1% to \$73.38 per barrel, while U.S. West Texas Intermediate (WTI) rose 0.7% to \$69.17 per barrel. However, both oil benchmarks recorded declines for the week, with Brent down 2.4% and WTI falling 2.9%. Market activity was subdued due to the U.S. Thanksgiving holiday, which led to thinner trading volumes.

On the other hand, gold prices climbed in Asian trading on Friday, bolstered by a weaker dollar amid speculation of a December rate cut. Escalating geopolitical tensions also fueled demand for the safe-haven asset. Although gold experienced weekly losses following news of an Israel-Hezbollah ceasefire, renewed conflict between Russia and Ukraine helped offset some of those declines. Spot gold rose 0.9% to \$2,660.69 per ounce, while February gold futures increased by the same margin to \$2,684.75 per ounce in early trade. (investing.com).

**Indicative Cross Rates**

	Bid	Offer
<b>EUR/USD</b>	1.0379	1.0781
<b>GBP/USD</b>	1.2522	1.2927
<b>USD/ZAR</b>	16.0456	20.0566
<b>USD/AED</b>	3.6526	3.6936
<b>USD/JPY</b>	147.93	148.94

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