



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Wednesday, supported by dollar inflows from diaspora money transfers. The shilling traded at 129.25/129.75 per dollar, the same as Tuesday's closing rate. (Refinitiv)

In November 2024, Purchasing Managers Index (PMI) rose to 50.9, up from 50.4 in October, indicating continued private sector growth. This marked the second consecutive month of expansion and the highest level since May. Growth was driven by improved output and an increase in new orders, with new orders growing at the fastest pace in six months. Output growth accelerated, surpassing the series average, and purchasing activity rose at its quickest rate since September 2022. Employment increased for the second month, though job creation was slower than in October. Supplier delivery times shortened slightly due to heightened vendor competition. However, input cost inflation reached a three-month high, primarily due to higher taxes on purchased items.

In other local news, A new levy, the Street Lighting Infrastructural Support Levy (SLISL), is set to be introduced in the next six months, affecting electricity consumers. The levy, directed by the National Assembly Committee on Energy, will be included in monthly electricity bills. It aims to raise funds for the installation of streetlights across the country, enhancing security and supporting a 24-hour economy without burdening Kenya Power. (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	160.58	173.58	159.78	174.48
EUR/KES	131.36	145.26	131.66	148.16
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 September 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Federal Reserve Chair Jerome Powell highlighted the strength of the U.S. economy but adopted a more cautious stance on future rate cuts, signaling a potential rate reduction in December. This led to a slight weakening of the dollar, with the US Dollar Index dipping 0.1%. U.S. private payrolls grew by 146,000 jobs in November, below expectations, with annual wages for workers staying in their jobs rising for the first time in 25 months. Meanwhile, U.S. services sector activity slowed, with the Institute for Supply Management's non-manufacturing PMI dropping to 52.1 in November from 56.0 in October. As a result, the probability of a 25-basis point rate cut in December increased to 78%, while the chances of no change decreased to 22%, according to the CME's Fed Watch tool.

On the other hand, the EUR/USD edged up to \$1.0512 following a no-confidence motion against Prime Minister Michel Barnier, which passed with 331 votes. Barnier is expected to resign along with his government. GBP/USD rose 0.1% to 1.2677, supported by UK economic data showing continued expansion. Bank of England Governor Andrew Bailey suggested gradual interest rate cuts over the next year, noting that inflation is on a steady decline. USD/JPY increased by 0.7% to 150.68, while USD/CNY dropped 0.2% to 7.2730, as the Chinese yuan strengthened after hitting a one-year low, aided by a stronger-than-expected central bank midpoint fixing.

In the commodities markets, gold prices saw little movement in Asian trading on Thursday, with limited safe-haven demand despite political unrest in France and South Korea. Improved risk appetite and a strong dollar also weighed on gold prices. A rally on Wall Street to record highs further diminished haven demand for gold, along with comments from Federal Reserve Chair Jerome Powell indicating a more cautious approach to future rate cuts. Spot gold dipped slightly to \$2,649.09 an ounce, while February gold futures fell 0.1% to \$2,672.99 an ounce.

On the other hand, Oil prices were largely stable on Thursday ahead of an OPEC+ meeting, with investors awaiting decisions on potential supply cuts and monitoring ongoing geopolitical tensions in the Middle East. Brent crude futures rose by 6 cents, or 0.08%, to \$72.37 per barrel, while U.S. crude futures gained 7 cents, or 0.10%, reaching \$68.61 per barrel. Both benchmarks had fallen nearly 2% on Wednesday, partly due to a large volume of U.S. oil futures contracts sold by a single bank, which pressured prices lower. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0326	1.0729
GBP/USD	1.2514	1.2921
USD/ZAR	16.1348	20.1418
USD/AED	3.6524	3.6934
USD/JPY	147.71	151.77

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.