



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 06TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was steady on Thursday, supported by dollar inflows from diaspora money transfers and tea exports. The shilling traded at 129.00/129.50 per dollar the same as Wednesday's closing rate. (Refinitiv)

The Central Bank of Kenya (CBK) has reduced its benchmark interest rate by 75 basis points to 11.25% during its final Monetary Policy Committee (MPC) meeting of 2024. This marks the third consecutive rate cut this year. The decision was influenced by easing inflation, a slower economy in the first half of 2024, and a stable currency. Inflation has gradually decreased to 2.7%, within the CBK's target range of 2.5% – 7.5%. The meeting also marked the first for the MPC's four newest members: Isis Nyong'o, Dr. Kemboi Kipruto, Dr. Freshia Mugo, and Jared Osoro.

In other local news, Parliament has rejected the National Treasury's proposal to impose a 5% withholding tax on interest earned from new infrastructure bonds. The Finance and National Planning Committee of the National Assembly abandoned the plan after receiving opposition from stakeholders. The committee believes that maintaining the tax-free status on interest from these bonds will help preserve their appeal to investors. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	160.72	173.72	159.92	174.62
EUR/KES	131.76	145.66	132.06	148.56
AED/KES	31.19	44.19	33.19	44.69

	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

The US dollar slipped slightly on Thursday ahead of key labor market data releases. The Dollar Index, which tracks the greenback against six other currencies, fell 0.1% to 106.180. The dollar has retreated from recent gains due to slower-than-expected private payroll growth and a slowdown in the services sector in November. Federal Reserve Chair Jerome Powell noted that the US economy is stronger than anticipated, suggesting a slower pace of interest rate cuts ahead. While a rate cut is still expected in December, upcoming data, including weekly initial claims and Friday's nonfarm payrolls, could influence future rate decisions.

On the other hand, EUR/USD rose 0.2% to 1.0532, recovering from a two-year low of 1.0331 in late November, despite political instability in France, with Prime Minister Michel Barnier set to resign after a no-confidence vote. This could delay fiscal reforms, though France's large budget deficit will need to be addressed. Data showed a 1.5% decline in German factory orders for October and a drop in French industrial production, signaling weak growth ahead. The European Central Bank is expected to cut rates next week, with markets forecasting over 150 basis points of cuts by the end of 2025.

Elsewhere GBP/USD rose 0.2% to 1.2721, boosted by stronger-than-expected UK construction activity data for November. USD/JPY dropped 0.2% to 150.25, USD/CNY slipped 0.1% to 7.2709, and AUD/USD gained 0.2% to 0.6440.

In the commodities markets, Gold prices rose slightly in Asian trade on Friday, driven by investor anticipation of U.S. payroll data and geopolitical tensions that spurred safe-haven demand. Spot gold increased 0.4% to \$2,642.03 per ounce, while February gold futures rose 0.6% to \$2,663.72 per ounce. Geopolitical concerns, including the collapse of France's government, a failed martial law attempt in South Korea, ongoing tensions in the Middle East, and the Russia-Ukraine conflict, further fueled demand for gold as a safe haven.

On the other hand, Oil prices slightly declined on Friday, driven by weak demand following OPEC+'s decision to delay planned supply increases and extend deep output cuts until the end of 2026. Brent crude futures dropped 0.1% to \$72.03 per barrel, while U.S. West Texas Intermediate (WTI) crude fell 1 cent to \$68.29 per barrel. For the week, Brent was on track to drop over 1%, while WTI showed a small gain of 0.1%. OPEC+ also announced a three-month delay in output increases, now set for April, and extended the full unwinding of cuts by one year, until the end of 2026. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0371	1.0772
GBP/USD	1.2543	1.2948
USD/ZAR	16.0238	16.0309
USD/AED	3.6526	3.6936
USD/JPY	147.94	151.96

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.