



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling was stable on Friday on dollar inflows from the tourism sector and tea exports. The shilling traded at 129.00/129.50 per dollar at 0656 GMT, the same as Thursday's closing rate. (Refinitiv)

Kenya's intra-African trade has experienced a slight decline for the first time in four years, with trade value falling by 0.32% in the first nine months of 2024, amounting to Sh512 billion, compared to Sh513.65 billion in the previous year. This decrease contrasts with a 9.66% drop in 2020 due to COVID-19-related travel restrictions. The reduction in trade this year coincides with Kenya's 17-place drop in the ease of travel ranking, now sitting at 46th out of 54 African countries, as reported by the Africa Visa Openness Report 2024. This ranking, compiled by the African Union and the African Development Bank, highlights the increasing challenges for travelers to Kenya, especially those outside the East African Community.

In other local news, starting next year, Independent Power Producers (IPPs) in Kenya who do not fully disclose their beneficial owners will be barred from signing electricity sale agreements with Kenya Power. This move is intended to address conflicts of interest and promote transparency. The National Assembly Departmental Committee on Energy has recommended this directive to align Power Purchase Agreements (PPAs) with legal requirements on ownership disclosures. Many IPPs have failed to provide complete ownership information, leading to concerns over corruption, especially as the government pushes for lower electricity prices to benefit consumers. (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	160.43	173.43	159.63	174.33
EUR/KES	131.30	145.20	131.60	148.10
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 gained slightly on Friday, with traders cautious ahead of the monthly jobs report. The Dollar Index, which measures the greenback against six other currencies, rose 0.1% to 105.827, recovering slightly from a 0.6% drop the previous day. Despite some concerns over a weakening labor market, which has raised expectations for potential interest rate cuts by the Federal Reserve, Fed Chair Jerome Powell stated earlier in the week that the US economy is stronger than expected. The market anticipates a rate cut in December, but the upcoming jobs report—forecasted to show a rise of about 200,000 jobs in November—could influence decisions. The unemployment rate is expected to edge up to 4.2% from 4.1%. Meanwhile, the euro continued to show weakness.

On the other hand, The EUR/USD pair dropped 0.1% to 1.0575, as the euro weakened due to unexpectedly lower German industrial production in October, which pointed to further economic challenges in the eurozone's largest economy. German production fell by 1.0%, following a revised 2.0% drop in September. The eurozone overall showed a quarterly growth of 0.4% in Q3, with a 0.9% annual gain.

Meanwhile, GBP/USD gained 0.1% to 1.2763, supported by data showing a fifth consecutive month of rising UK house prices in November, suggesting a recovering economy.

In other currency movements, USD/JPY rose 0.3% to 150.57, USD/CNY increased 0.2% to 7.2709, and AUD/USD fell 0.4% to 0.6426.

In the commodities markets, Oil prices rose on Monday following the announcement of the fall of Syrian President Bashar al-Assad's regime, which heightened uncertainty in the Middle East. Brent crude futures increased by 36 cents (0.51%) to \$71.48 per barrel, while U.S. West Texas Intermediate (WTI) crude futures gained 38 cents (0.57%) to \$67.58 per barrel. This surge was driven by concerns over potential instability in the region after Syrian rebels claimed they had ousted al-Assad, ending a 50-year family rule. However, the gains were limited by a weakening demand outlook for oil in the coming year.

On the other hand, Gold prices edged higher on Monday in Asian trade, driven by geopolitical turmoil in Syria and South Korea, which fueled some demand for safe-haven assets. Spot gold rose 0.2% to \$2,638.77 an ounce, while gold futures for February delivery held steady at \$2,660.41 an ounce. However, a strong U.S. dollar capped most of the gains, limiting further price increases. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0341	1.0742
GBP/USD	1.2521	1.2927
USD/ZAR	16.0249	20.0333
USD/AED	3.6524	3.6934
USD/JPY	147.96	151.97

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