



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 10<sup>TH</sup> DECEMBER 2024**

**DOMESTIC NEWS**

The Kenyan shilling was stable on Monday, the currency is expected to post gains, driven by inflows from non-governmental organizations and remittances. Commercial banks quoted the shilling at 129.00/129.50, unchanged from Friday's close. (Refinitiv)

The Kenya Revenue Authority (KRA) has collected Kshs 1.005 trillion in revenue over the last five months, reflecting a 4.3% growth compared to Kshs 963.746 billion during the same period last year. Customs revenue exceeded Kshs 70 billion monthly in the past four months (August-November 2024), with a cumulative total of Kshs 359.571 billion, showing a 5.9% increase from Kshs 339.678 billion in the same period of FY 2023/24. Domestic taxes amounted to Kshs 643.790 billion, marking a 3.5% growth. However, KRA noted that this growth was tempered by economic challenges, including weak domestic demand, as reflected in a sluggish Purchasing Managers Index (PMI) of 48.94 points, signaling a contraction in economic activities.

In other local news, Kenya's Eurobond yields have fallen below 10%, indicating a reduction in the country's borrowing costs and a lower perceived risk on its sovereign external debt. Last week, yields on all six outstanding Eurobonds dropped to single digits, with the 2019 bond maturing next year closing at 7.14% and the 2028 bond at 8.13%. Other bonds maturing in 2031, 2032, 2034, and 2048 also saw yields fall under 10%, ranging from 9.15% to 9.79%. This decline is largely due to a global "risk-off" environment and interest rate cuts by major central banks, which have boosted investor confidence in Kenya's debt. (Business Daily).

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	124.25	134.25	124.25	134.25
<b>GBP/KES</b>	160.75	173.75	159.95	174.65
<b>EUR/KES</b>	131.54	145.44	131.84	148.34
<b>AED/KES</b>	31.19	44.19	33.19	44.69

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 September 2024 – Date** (Source: Reuters)

**INTERNATIONAL NEWS**

The U.S. dollar saw a modest increase on Monday amid uncertain trading, as investors awaited U.S. inflation data later in the week. Markets have largely priced in a 0.25% interest rate cut by the U.S. Federal Reserve next week, but the release of consumer price data on Wednesday remains a key focus. Friday's data showed strong job growth in November, although a rise in the unemployment rate to 4.2% suggested a softening labor market, which could support another rate cut by the Fed. The dollar index rose by 0.179%, reaching 106.14.

On the other hand, EUR/USD edged higher to 1.0579 ahead of the European Central Bank's (ECB) rate decision on Thursday, with expectations for a 25-basis point cut, the fourth this year. Eurozone inflation rose slightly in November but is still on track to meet the ECB's 2% target, with easing wage pressures. However, rising tariff threats, political instability in France and Germany, a slowdown in business activity, and a weaker euro have increased risks for Europe since the ECB's October meeting.

Meanwhile GBP/USD traded 0.3% higher at 1.2776, supported by the Bank of England's efforts to address stubborn inflation, with UK consumer prices rising by 2.3% in the 12 months to October, above the target. USD/JPY gained 0.3% to 150.44 after Japan's GDP data showed slight growth in Q3, though lower than the previous quarter's rise. USD/CNY rose 0.1% to 7.2748 as Chinese consumer inflation contracted more than expected in November.

In the commodities markets, Gold prices rose in Asian trade on Tuesday, extending recent gains as heightened geopolitical tensions in Syria and a selloff on Wall Street drove increased demand for the metal as a safe haven. Spot gold rose 0.4% to \$2,671.62 per ounce, while February gold futures gained 0.3%, reaching \$2,694.69 per ounce. In contrast, copper prices steadied after strong gains driven by expectations of more stimulus measures from China, the top importer. However, copper still faced significant losses over the past two months.

On the other hand, Oil prices slipped on Tuesday as concerns over the potential fallout from Syrian President Bashar al-Assad's overthrow eased. However, the market found support in China's commitment to ramp up policy stimulus, which could boost demand from the world's top crude buyer. Brent crude futures were down 32 cents, or about 0.4%, at \$71.82 per barrel, while U.S. West Texas Intermediate crude futures dropped 37 cents, or 0.5%, to \$68. (investing.com).

**Indicative Cross Rates**

	Bid	Offer
<b>EUR/USD</b>	1.0358	1.0760
<b>GBP/USD</b>	1.2546	1.2951
<b>USD/ZAR</b>	15.7879	19.7987
<b>USD/AED</b>	3.6529	3.6930
<b>USD/JPY</b>	149.15	153.16

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