



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH DECEMBER 2024

DOMESTIC NEWS

Kenya's shilling eased slightly on Tuesday, with little importer demand for dollars outpacing inflows in a session with limited activity ahead of the holidays. Commercial banks quoted the shilling at 129.25/129.75, compared with Monday's closing rate of 129.00/130.00. (Refinitiv)

The World Bank has revised Kenya's 2024 economic growth forecast down to 4.7% from the initial 5%, following a 5.6% growth in 2023. This downgrade is attributed to severe floods in April and anti-Finance Bill protests in June, which impacted the economy. The World Bank also projects a slower growth of 5% in 2026, down from the previously estimated 5.3%, due to risks like fiscal slippages, extreme weather, and external challenges. Despite the revision, Kenya's growth forecast remains above the Sub-Saharan Africa average of 3%, with fiscal discipline and debt management seen as key to long-term stability.

In other local news, The World Bank Group has advised Kenya against pursuing unsolicited public-private partnership (PPP) deals, following the cancellation of Sh2.7 billion contracts linked to Adani Group companies. The lender is concerned that privately initiated proposals (PIPs), which bypass competitive bidding, could erode public trust in infrastructure investments and lead to protests, potentially escalating into violence. As the government faces limited borrowing options, it has turned to wealthy private investors, like India's Gautam Adani, to fund large infrastructure projects. Under PIPs, investors initiate and finance projects, recouping their investments through mechanisms like tolling. (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	161.02	174.02	160.22	174.92
EUR/KES	131.15	145.05	131.45	147.95
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 U.S. dollar edged higher on Tuesday, trading within narrow ranges as markets awaited November's inflation data, expected to influence the Federal Reserve's rate decisions. The Dollar Index rose 0.2% to 105.995. Markets anticipate headline inflation to rise to 2.7% from 2.6% in October, while core inflation is expected to remain steady at 3.3%. With the Fed having already cut rates by 75 basis points since September, another 25-bps reduction is expected in December. However, any signs of stagnating inflation progress could lead to a shift in expectations. Analysts predict the Dollar Index will remain supported in the 105.40–105.60 range ahead of the inflation report.

On the other hand, the euro fell 0.2% to 1.0530 after German inflation remained unchanged at 2.4% in November, ahead of the European Central Bank's (ECB) final policy meeting of the year. The ECB is widely expected to announce a 25-bps rate cut, its fourth this year. While this move is largely anticipated, ING analysts suggest the ECB's press conference may hint at further rate cuts, which could lead to a more dovish outlook for the euro.

GBP/USD remained steady at 1.2748, despite a faster decline in UK job vacancies compared to other countries. Indeed, data showed a 23% drop in job listings in Britain as of November 29, signaling a slowdown in the UK economy. The Bank of England cut rates for the second time in 2024 and is expected to ease monetary policy more gradually than other central banks in 2025. The Japanese yen edged up 0.3% to 151.59, reaching its highest point since late November.

In the commodities markets, gold prices remained stable near a two-week high in Asian trading on Wednesday, driven by safe-haven demand amid ongoing geopolitical tensions in Asia and the Middle East. Investors also showed caution ahead of crucial U.S. inflation data, expected to shape the outlook for interest rates. Spot gold held steady at \$2,694.16 per ounce, while February gold futures climbed 0.8% to \$2,739.82 per ounce.

On the other hand, Oil prices rose on Wednesday amid expectations of higher demand in China, the world's largest crude importer, following Beijing's announcement of a shift toward more flexible monetary policy to stimulate economic growth. Brent crude increased by 0.5% to \$72.55 per barrel, while U.S. West Texas Intermediate (WTI) also gained 0.5%, reaching \$68.95. The move comes after China revealed plans to adopt a looser monetary approach in 2025, marking its first easing in 14 years, which is anticipated to boost economic recovery and energy consumption. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0327	1.0729
GBP/USD	1.2565	1.2971
USD/ZAR	15.8140	19.8250
USD/AED	3.6530	3.6931
USD/JPY	149.68	153.72

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.