



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar in early trading on Friday, based on data from the London Stock Exchange Group. Commercial banks quoted the currency at 129.00/129.50 per dollar, the same level as Wednesday's close. Market activity had been paused on Thursday due to a national holiday in Kenya. (Refinitiv)

President William Ruto signed seven bills into law, including amendments to tax, business, and Kenya Revenue Authority laws. Key provisions reintroduced from the failed Finance Bill 2024 include replacing the Digital Service Tax with the Significant Economic Presence (SEP) tax for multinational companies. Other bills signed include amendments to the Statutory Instruments, Ethics and Anti-corruption Commission, and Kenya Roads laws. (The Kenyan Wall Street).

In other local news, The Energy and Petroleum Regulatory Authority (EPRA) announced a reduction in fuel prices on Saturday, December 14, cutting prices for Super Petrol, Kerosene, and Diesel in its latest review. The new prices show a decrease of Ksh4.37 per litre for Super Petrol, Ksh3 per litre for Diesel, and Ksh3 per litre for Kerosene. This brings the new pump prices to Ksh176.29 for Super Petrol, Ksh165.06 for Diesel, and Ksh148.39 for Kerosene. According to analysis, this is the lowest pump price in nearly two years. (Kenyans.co.ke).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	159.34	172.34	158.54	173.24
EUR/KES	131.05	144.95	131.35	147.85
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 strengthened on Friday, poised for its best week in a month, as traders scaled back expectations for aggressive Federal Reserve easing next year. The Dollar Index rose 0.1% to 106.780, heading for a weekly gain of around 1% and reaching a two-week high. This followed a stronger-than-expected U.S. producer price report, raising concerns about persistent inflation heading into the new year. The prospect of a cautious Fed contrasts with rate cuts by other central banks, including a 50 bp reduction in Switzerland and Canada and a 25 bp easing by the European Central Bank.

On the other hand, In Europe, the EUR/USD gained 0.1% to 1.0473, recovering slightly after a sharp drop following Thursday's European Central Bank (ECB) meeting. The ECB cut rates by 25 basis points, as expected, but ongoing regional economic weakness suggests additional rate cuts are likely in the new year. This outlook was reinforced by ECB policymaker and Bank of France head, Francois Villeroy de Galhau.

GBP/USD dropped 0.3% to 1.2633 after data revealed the UK economy shrank again in October, with economic activity remaining weak in the world's sixth-largest economy. The UK economy contracted by 0.1% in October, matching the previous month, leading to an annual growth rate of 1.3%. This was much lower than anticipated, as the October GDP had been expected to rise 0.1% with an annual increase of 1.6%. USD/JPY rose 0.6% to 153.50 after media reports suggested that the Bank of Japan is likely to maintain its current interest rates next week, reversing earlier expectations of a rate hike.

In the commodities markets, gold prices showed little change in Asian trading on Monday, recovering slightly after recent losses, as investors leaned towards the dollar ahead of the Federal Reserve's final meeting of the year. Spot gold inched up 0.2% to \$2,653.47 per ounce, while February gold futures dipped 0.2% to \$2,671.05 per ounce. Last week, gold found some support on hopes for near-term U.S. interest rate cuts. However, uncertainty over the Fed's long-term monetary policy limited gains, with markets awaiting further guidance from this week's meeting.

On the other hand, Oil prices dipped on Monday as traders booked profits ahead of the Federal Reserve's meeting, while supply concerns linked to potential U.S. sanctions on Russia and Iran limited losses. Brent crude fell 0.3% to \$74.28 per barrel, and WTI crude dropped 0.4% to \$70.99 per barrel, after reaching multi-week highs in the previous sessions. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0219	1.0720
GBP/USD	1.2435	1.2840
USD/ZAR	15.8319	19.8504
USD/AED	3.6529	3.6930
USD/JPY	151.55	155.60

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.