



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling remained steady against the dollar during Monday's trading session, as market activity slowed ahead of the Christmas holidays. Commercial banks quoted the shilling at 129.20/129.40 per dollar, unchanged from Friday's close, according to traders. (Refinitiv).

The number of foreign job contracts approved for renewal or extension dropped significantly to 19,310 in the financial year ending June 2024, a 54.3% decline from 42,254 the previous year. This marks the third consecutive year of decline, driven by reduced job opportunities and stricter enforcement that shut down unregistered recruitment agencies. The Ministry of Labour and Social Protection, which oversees the attestation of foreign job contracts, achieved only 21.4% of its 90,000 target for the year, falling short for the second year in a row. (Business Daily).

In other local news, the government plans to raise Sh500 billion through the housing levy over the next decade to build 363,860 affordable homes and related infrastructure. The project targets security personnel, civil servants, and the growing housing deficit caused by urbanization. Despite initial plans to construct 250,000 homes annually, only 5,000 units have been completed since the program's launch in 2022. (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	159.87	172.87	159.07	173.77
EUR/KES	130.92	144.82	131.22	147.72
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 dropped slightly on Monday but remained near a three-week high ahead of the Federal Reserve's final policy meeting of the year. The euro also weakened following economic activity data from the region. The Dollar Index, which tracks the dollar against six other major currencies, was down 0.1% at 106.580 after reaching a near three-week high on Friday. The dollar gave up some of its recent gains as traders anticipated a 25-basis point rate cut by the Fed on Wednesday, bringing its target policy band to 4.25-4.50%.

On the other hand, the EUR/USD pair edged lower to 1.0499 after data showed a slowdown in eurozone business activity, despite signs of economic improvement. The HCOB (Hamburg Commercial Bank) preliminary composite Eurozone Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 49.5 in December from 48.3 in November. However, it remained below the 50 threshold that separates economic growth from contraction.

The GBP/USD pair rose 0.3% to 1.2652, recovering from the previous week's losses after data revealed that the UK economy unexpectedly contracted in October. With the Bank of England's policy meeting scheduled for Thursday, markets expect a 25-basis point rate cut, despite the central bank's gradual approach to easing monetary policy. USD/JPY gained 0.1% to 153.70, as Reuters reported the Bank of Japan was likely to keep interest rates unchanged this week, in contrast to earlier expectations of a hike.

In the commodities markets, gold prices showed little movement during Asian trading on Tuesday as investors remained cautious ahead of key central bank meetings, particularly the Federal Reserve. The metal traded within the \$2,600 to \$2,700 range as traders shifted toward the dollar in anticipation of rate decisions from the Fed, the Bank of Japan, and the Bank of England this week. Spot gold edged up by 0.1% to \$2,654.99 an ounce, while February gold futures increased by 0.1% to \$2,671.91 an ounce.

On the other hand, Oil prices edged slightly lower in early Asian trading on Tuesday, as weak economic data from China weighed on market sentiment and traders remained cautious ahead of the U.S. Federal Reserve policy meeting this week. Brent Oil Futures slipped 0.2% to \$73.81 a barrel, while WTI Crude Futures dipped 0.1% to \$70.20 a barrel. Both February contracts had declined on Monday amid concerns about reduced demand following the soft Chinese economic readings. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0201	1.0703
GBP/USD	1.2469	1.2875
USD/ZAR	15.8654	19.8744
USD/AED	3.6524	3.6934
USD/JPY	152.11	156.12

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.