



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH DECEMBER 2024

DOMESTIC NEWS

The Kenyan shilling remained relatively stable against the U.S. dollar on Tuesday with reduced volumes occasioned by the Christmas Holidays. The shilling traded at a rate of 128.95/129.45 per dollar, slightly stronger than Monday's closing rate of 129.00/129.50. (Refinitiv).

In his second annual State of the Nation address, President William Ruto expressed confidence in his government's achievements, particularly in lowering inflation and food prices, such as maize and wheat flour, through subsidies for farm inputs like fertilizer and favorable rainfall. With inflation at just 2.8% in November, the lowest in 17 years, the economy benefited from reforms in foreign exchange markets and a more stable shilling. However, the rise in interest rates, designed to control inflation and attract investment, has led to higher borrowing costs, reducing credit for businesses and delaying investments. Additionally, cash flow difficulties and a large backlog of pending bills have put strain on the economy, though the government is working to resolve these issues while expecting interest rates to fall (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	157.58	170.58	156.78	171.48
EUR/KES	129.38	143.28	129.68	146.18
AED/KES	31.12	44.12	33.12	44.62

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 in light holiday trading, supported by expectations that the U.S. Federal Reserve will reduce interest rates more slowly than other global central banks. The dollar has gained over 7% since late September, fueled by optimism about stronger U.S. economic growth under President-elect Donald Trump's policies and persistent inflation, which has tempered expectations for aggressive Fed rate cuts. This contrasts with growth and rate outlooks for other global economies, widening interest rate differentials. The dollar index rose 0.14% to 108.24.

On the other hand, The EUR/USD fell 0.1% to 1.0396, approaching a two-year low, as the European Central Bank is expected to cut rates more quickly than the U.S. Federal Reserve amid weak eurozone growth. The GBP/USD remained flat at 1.2531, with sterling showing weakness after data revealed no growth in the UK's economy in Q3 and a dovish 6-3 vote by the Bank of England to hold rates. The USD/JPY dropped 0.1% to 157.03 after rising to 158 yen, as the Bank of Japan signaled a cautious approach to rate hikes. The USD/CNY edged up 0.1% to 7.3021, staying near a one-year high, due to expectations of increased fiscal spending and looser monetary policies in China.

In the commodities markets, Oil prices remained largely unchanged on Friday but were on track for a weekly gain, supported by optimism that economic stimulus efforts could boost China's recovery. Brent crude dropped 2 cents to \$73.24 per barrel, while U.S. West Texas Intermediate (WTI) fell 1 cent to \$69.61. Despite this, both benchmarks saw weekly increases, with Brent up 0.4% and WTI rising 0.2%. The World Bank raised its growth forecast for China in 2024 and 2025, though it cautioned that weak consumer and business confidence, along with challenges in the property sector, would continue to limit growth next year.

On the other hand, Gold prices remained largely stable in Asian trade on Friday amid thin year-end activity, though they were set to rise slightly for the week due to a cautious outlook following the U.S. Federal Reserve's hawkish stance. Spot gold stayed steady at \$2,633.40 per ounce, while February gold futures dipped 0.2% to \$2,649.91. With fewer economic data releases and major policy decisions at year-end, there were fewer drivers for significant price fluctuations. The U.S. Dollar Index was slightly higher, hovering near a two-year peak reached the previous week. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0211	1.0611
GBP/USD	1.2320	1.2727
USD/ZAR	16.7697	20.7711
USD/AED	3.6524	3.6934
USD/JPY	155.66	159.69

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.