



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH DECEMBER 2024

DOMESTIC NEWS

Kenya's shilling was stable against the dollar on Friday. The shilling traded at 129.00/129.50, the same as Tuesday's closing rate. Markets were closed on Wednesday and Thursday for the Christmas Day and Boxing Day holidays. (Refinitiv).

The year 2024 will be remembered for its mixed challenges for individuals, businesses, and the government. Early in the year, Kenya faced high inflation, a weaker shilling, and elevated interest rates, creating a volatile economic environment. However, by the end of the year, inflation had eased from 6.9% in January to 2.8% in November. The Central Bank of Kenya also reduced the base lending rate to 11.25% in December, down from 13% in February, to improve access to loans. Despite the tough conditions, many companies took the opportunity to restructure, focusing on growth, synergies, market expansion, and diversification.

On other local news Kenya's foreign exchange reserves rose by \$191 million last week, reaching a seven-week high of \$9.2 billion, the central bank said in its weekly financial markets update released on Friday evening. The new reserves, equivalent to 4.6 months of import cover, increased from \$9.01 billion on December 19, according to the apex bank. The rise was attributed to increased inflows from export earnings and remittances during the festive season.

(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	158.64	171.64	157.84	172.54
EUR/KES	129.84	143.74	130.14	146.64
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

Most Asian currencies declined on Friday as the US Dollar Index ticked higher, staying near a two-year high. This followed the Federal Reserve's projection of fewer rate cuts in 2025, which strengthened the US dollar and pressured Asian currencies. Consequently, most Asian currencies were set for a weekly fall after significant losses last week.

On the other hand, the GBP/USD extended its recovery to near 1.2580 during Asian trading on Monday, as the Bank of England policymakers grew divided on the need for rate cuts due to a slowing economy. The EUR/USD continued its upward trend for the third consecutive day, reaching around 1.0430, boosted by comments from ECB Governing Council member Robert Holzmann. The USD/JPY fell 0.3% on Friday, while Japan's consumer price index in December rose more than expected, fueling speculation of a near-term rate hike by the Bank of Japan. The Indian rupee weakened further, with the USD/INR rising 0.2% to 85.713. The Chinese yuan's onshore pair, USD/CNY, remained largely unchanged on Friday.

In the commodities markets, Oil prices inched higher on Monday in light holiday trading, with traders awaiting key economic data from China and the U.S. later in the week to assess growth prospects in the world's top two oil consumers. Brent crude rose 5 cents to \$74.22 a barrel, while the more active March contract was at \$73.82, up 3 cents. U.S. West Texas Intermediate crude gained 3 cents to \$70.63 a barrel. Both contracts had risen about 1.4% last week, supported by a larger-than-expected drawdown in U.S. crude inventories due to increased refining activity and stronger holiday season fuel demand.

On the other hand, Gold prices fell on Friday, ending the week lower as Treasury yields rose following the U.S. Federal Reserve's hawkish stance. Spot gold dropped 0.7% to \$2,614.40 per ounce, while February gold futures fell 0.9% to \$2,630.36 an ounce. Trading volumes were thin as institutional traders closed their books ahead of the holidays, and fewer economic data releases and policy decisions reduced catalysts for price volatility. Despite the weekly decline, gold was set to rise 0.3% for the week after a more than 1% drop the previous week. The strong dollar, driven by the Fed's hawkish shift, continued to weigh on gold prices.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0228	1.0630
GBP/USD	1.2385	1.2789
USD/ZAR	16.6528	20.6620
USD/AED	3.6526	3.6936
USD/JPY	155.97	160.01

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