



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST DECEMBER 2024

DOMESTIC NEWS

Kenya's shilling was stable against the dollar on Monday. The shilling traded at 129.00/129.50, the same as Friday's closing rate. (Refinitiv).

The third year of the National Social Security Fund (NSSF) Act, 2013, set to begin in February 2025, will reduce employees' net pay by up to Sh1,512.30 due to increased contribution rates. Both employee and employer contributions will be adjusted, with the lower income limit rising from Sh7,000 to Sh8,000, and the upper income limit increasing from Sh36,000 to Sh72,000. As a result, the minimum NSSF contribution will increase from Sh420 to Sh480, while the maximum contribution per employee will rise from Sh2,160 to Sh3,840. This adjustment will offset the recent tax relief from the Tax Laws (Amendment) Act 2024, which made housing levy and social health insurance contributions tax-deductible starting December 27.

On other local news Kenya and the World Bank are launching a savings scheme under the Economic Inclusion Programme (EIP), where the World Bank will match monthly savings of up to Sh258 by poor individuals. This initiative aims to help 50,000 people build savings to diversify their income sources. The scheme, which resembles the government's Hustler Fund, is part of efforts to address youth unemployment. In the first six months, participants will receive a 100% matching grant, capped at Sh258 per month, if they contribute to the program. The goal is to support enterprises and tackle the country's youth employment challenges. (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	158.20	171.20	157.40	172.10
EUR/KES	129.61	143.51	129.91	146.41
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 weakened on Tuesday and are set for yearly losses as the US dollar remained strong heading into 2025. While the US Dollar Index was 0.1% weaker, it stayed near a two-year high reached earlier in the month. The strength of the dollar has been fueled by the Federal Reserve's outlook on interest rates and concerns about a potential US-China trade war under Donald Trump's administration, which have dampened risk sentiment. The Fed's recent indication of fewer rate cuts in 2025 further strengthened the dollar, putting downward pressure on Asian currencies.

On the other hand, the EUR/USD rose 0.1% to 1.0439, following data showing Spain's annual EU-harmonized inflation increased to 2.8% in December from 2.4% in November. GBP/USD gained 0.1% to 1.2595, with limited UK economic data ahead of Thursday's manufacturing PMI. USD/CNY rose 0.2%, while the offshore USD/CNH remained mostly unchanged. China's manufacturing activity expanded for the third consecutive month in December, supported by stimulus measures, though the rise was below market expectations. The USD/JPY fell 0.3% after reaching a five-month high, with the yen set to lose over 10% against the dollar for the year. The USD/INR edged up 0.1%, on track for a 3% annual rise, as the rupee hit new record lows against the dollar this month.

In the commodities markets, Gold prices were little changed on Tuesday, the final trading day of the year, with spot gold rising 0.1% to \$2,608.09 per ounce and U.S. gold futures gaining 0.1% to \$2,620.60. The metal had its best annual performance in over a decade, driven by central bank buying, policy easing, and geopolitical tensions, posting a more than 26% increase year-to-date. As trading activity remained quiet, market focus shifted to upcoming U.S. economic data and President-elect Donald Trump's tariff policies, which could influence the interest rate outlook for 2025 and, consequently, the gold price. The U.S. interest rate outlook and trade policies are expected to be key drivers for gold in 2025.

On the other hand, Oil prices rose in early trading on Tuesday after data showed that China's manufacturing activity expanded for the third consecutive month in December. Brent crude futures increased by 47 cents (0.7%) to \$74.46 per barrel, while U.S. West Texas Intermediate (WTI) crude gained 49 cents (0.7%) to \$71.48 per barrel. Despite the gains, oil prices were on track to end the year lower due to demand concerns in major consuming countries. For the year, Brent crude declined 3.2%, and WTI was down 0.6%.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0202	1.0604
GBP/USD	1.2345	1.2751
USD/ZAR	16.7978	20.8003
USD/AED	3.6525	3.6934
USD/JPY	154.19	158.25

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