DIB Bank Kenya
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TREASURY MARKET UPDATE 06TH JANUARY 2025

DOMESTIC NEWS

On Friday, the Kenyan shilling (KES) held steady against the U.S. dollar, trading at 129.00/129.50 per dollar. This was the same rate as Thursday's closing, based on data from the London Stock Exchange Group. (Refinitiv).

In 2025, Kenyans will face higher prices for various tech products due to the introduction of new taxes. One key tax is the updated Digital Services Tax (DST), which was introduced through the Tax Laws (Amendment) Act of 2024 and increased from 1.5% to 6%. The tax targets non-resident companies providing online services, such as ride-hailing, social media, streaming, e-commerce, and online delivery. These companies often pass the tax cost to consumers, meaning Kenyans will see higher prices for services like Spotify, Netflix, YouTube, LinkedIn, X, and other digital products.

On other news, The Kenya Revenue Authority (KRA) has introduced a new tax amnesty program, running until June 2025, offering waivers on penalties and interest for tax debts accumulated up to December 31, 2023. Those who have paid their principal taxes by that date will automatically receive the waivers. However, individuals or businesses with unpaid taxes must apply to KRA and propose a payment plan, with full payment due by June 30, 2025. (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	156.82	169.82	156.02	170.72
EUR/KES	128.45	142.35	128.75	145.25
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 October 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar weakened on Friday but remained poised for a strong weekly gain, driven by expectations of the U.S. economy outperforming and fewer Federal Reserve rate cuts this year. The Dollar Index, which measures the greenback against six major currencies, fell 0.3% to 108.900, pulling back from a more than two-year high reached on Thursday. Despite this dip, the index is set for a weekly gain of about 1%, marking its best performance in over a month as investors anticipate a more hawkish Federal Reserve and continued resilience in the U.S. economy.

On the other hand, the EUR/USD rose 0.4% to 0.0042 on Friday, recovering slightly from a two-year low, aided by lower-than-expected German unemployment data. However, the euro was set for a 1.5% weekly decline, its worst since November, due to weak eurozone manufacturing data and expectations of at least 100 basis points in ECB rate cuts in 2025.

The GBP/USD pair rose 0.3% to 1.2422 on Friday, recovering slightly after a 1% drop on Thursday but remained set for a 1.4% weekly loss. The Bank of England recently kept interest rates steady despite inflation above target, with markets anticipating around 60 basis points of rate cuts in 2025.

The U.S. dollar slid 0.26% to 157.11 yen, remaining below a five-month high, as the Japanese yen weakened due to a large interest rate differential between the U.S. and Japan.

In the commodities markets, gold prices slipped slightly in Asian trade on Monday, pressured by a stronger dollar amid expectations of slower monetary easing. Since late December, gold has been losing ground as the Federal Reserve signaled a slower pace of interest rate cuts in 2025, fueling the dollar's recent rally. Hawkish remarks from some Fed officials over the weekend added further pressure. Spot gold dropped 0.1% to $2,635.81 per ounce, and gold futures for February fell 0.3% to $2,646.51.

On the other hand, Oil prices fell on Monday, with Brent crude down 0.3% to $76.30 per barrel and WTI also declining 0.3% to $73.77. This drop follows recent highs reached on Friday and a five-session rally driven by colder weather and optimism over Chinese fiscal stimulus. The decline was attributed to a strong U.S. dollar, sanctions concerns, and anticipation of key U.S. economic data later in the week. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0110	1.0511
GBP/USD	1.2240	1.2645
USD/ZAR	16.7704	20.7764
USD/AED	3.6530	3.6931
USD/JPY	155.69	159.69