



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH JANUARY 2025

DOMESTIC NEWS

The Kenyan shilling strengthened against the U.S. dollar on Wednesday, trading at 128.75/129.75 compared to Tuesday's close of 129.15/130.15. The appreciation is typically attributed to dollar inflows from remittances and tourism. (Refinitiv).

The UAE has become Kenya's second-largest goods export destination, driven by increased jet fuel re-exports. Kenya's earnings from exports to the UAE more than doubled to Sh86.89 billion in the nine months to September 2024, up from Sh39.72 billion a year earlier. The UAE surpassed several countries, including the U.S., Pakistan, and the Netherlands, to secure the second spot, following Uganda's Sh100.51 billion. This growth highlights Kenya's rising status as a regional aviation hub.

On other news, Investor wealth at the Nairobi Securities Exchange (NSE) has reached a two-year high of Sh2.025 trillion, driven by strong performances in stocks like Kenya Power, EAPC, and KenGen, as well as large firms such as Safaricom and KCB Group. The NSE 20 Share Index hit a four-year high. The rise in equity demand is linked to falling returns from Treasury bills, with net returns now in single digits, encouraging investors to shift capital towards stocks, where some dividend yields are surpassing Treasury bill returns. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.45	134.45	124.45	134.45
GBP/KES	155.75	168.75	154.95	169.65
EUR/KES	128.59	142.49	128.89	145.39
AED/KES	31.24	44.24	33.24	44.74

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 strengthened for a second day on Wednesday, driven by rising U.S. bond yields and reports of President-elect Donald Trump considering emergency measures for tariffs. The 10-year Treasury yield reached 4.73%, its highest since April, amid anticipation of Trump's policies on deregulation and tax cuts. While these policies could boost growth, concerns remain about inflation. The dollar index rose 0.28% to 109.00, nearing a recent two-year high. Markets are pricing in 39 basis points of Federal Reserve rate cuts in 2025, with the first expected in June. Fed minutes from December highlighted expectations for easing inflation but noted risks of persistent price pressures due to Trump's potential actions.

On the other hand, the euro was down 0.2% at \$1.0318. Sterling weakened 0.87% to \$1.2364 after falling to \$1.2321, its lowest level since April 22 and the second weakest of the year even as it occurred alongside a sharp selloff in British stocks and government bonds, with the 10-year gilt yield hitting a 16-1/2-year high. Against the yen, the dollar strengthened 0.25% to 158.41 and moved closer to the 160 level that has sparked Japanese authorities to intervene to support the currency. Japan's consumer sentiment deteriorated in December, a government survey showed, casting doubt on the Bank of Japan's view that solid household spending will buttress the economy and justify a further rise in interest rates.

In the commodities markets, Oil prices fell for the second consecutive day on Thursday due to significant builds in U.S. fuel inventories, despite expectations of higher winter fuel demand and concerns over tighter supply. Brent crude dropped 8 cents to \$76.08 per barrel, and U.S. West Texas Intermediate (WTI) fell 11 cents to \$73.21 per barrel, both down about 0.1% from the previous session. On Wednesday, both benchmarks had declined over 1%, driven by a stronger dollar and larger-than-expected U.S. fuel stockpile increases. Gasoline inventories rose by 6.3 million barrels, far exceeding analysts' forecast of a 1.5-million-barrel build.

On the other hand, gold prices stabilized during Asian trading on Thursday following two consecutive days of gains. The market saw safe-haven demand driven by uncertainty over a hawkish Federal Reserve and President-elect Donald Trump's proposed trade tariffs. However, strong pressure remained due to the dollar's resurgence near two-year highs, bolstered by the Fed's hawkish signals. Spot gold slipped by 0.1% to \$2,660.36 per ounce, while February gold futures rose 0.2% to \$2,678.60 per ounce. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0105	1.0507
GBP/USD	1.2107	1.2515
USD/ZAR	16.9049	20.9122
USD/AED	3.6526	3.6936
USD/JPY	156.15	160.19

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