



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH JANUARY 2025

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Monday, data from the London Stock Exchange Group showed. The shilling traded at 129.25/129.75 per dollar, the same as Friday's closing level. (Refinitiv).

Despite the removal of three taxes on LPG in July 2023, prices have remained high. A 13kg LPG refill averaged KSh 3,190 in December 2024, up from KSh 3,069 in June 2023, even as the shilling strengthened, and global LPG prices dropped. The government is considering implementing price controls and is promoting cleaner cooking fuels, including a KSh 3.1 billion project to provide cooking gas to 6,000 schools, while LPG consumption continues to rise. (Business Daily).

In other news, Kenya has ratified the OECD's (Organization for Economic Cooperation and Development) Multilateral Convention to Prevent Base Erosion and Profit Shifting (BEPS), joining over 85 countries in tackling tax avoidance by multinational firms. Set to take effect in May 2025, the treaty updates tax agreements to close loopholes and prevent profit shifting. Since July 2018, the convention has modified 1,600 agreements and boosts Kenya's ability to resolve tax disputes, with 33 countries opting for mandatory binding arbitration. Kenya, along with the Democratic Republic of Congo, is one of only two East African countries to negotiate the treaty, though DRC has yet to ratify it. (The Kenyan Wall Street).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	153.98	166.98	153.18	167.88
EUR/KES	127.78	141.68	128.08	144.58
AED/KES	31.26	44.26	33.26	44.76

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	8.50%	1.50%
1 Month	8.75%	2.25%
3 Months	9.00%	2.75%
6 Months	9.25%	3.00%
1 year	9.50%	3.50%



USD movement from August 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar strengthened on Monday, reaching a more than two-year high, driven by a strong U.S. jobs report that raised doubts about the Federal Reserve cutting interest rates this year. The dollar index rose 0.26% to 109.94, peaking earlier at 110.17. December's unexpected surge in U.S. job growth and a drop in unemployment to 4.1% led markets to scale back expectations of rate cuts, now pricing in only a 25-basis point cut by December 2025. Attention now turns to Wednesday's inflation report, which could further reduce prospects for easing if it surpasses expectations. Several Fed officials are also set to speak this week.

On the other hand, the euro, down 0.4% at \$1.0208, earlier in the session hit its weakest level against the dollar since November 2022. Sterling was last down 0.24% at \$1.2167, after sliding to a 14-month low earlier in the day. The pound has been under pressure from concerns over rising borrowing costs and growing unease over Britain's finances. It tumbled 1.8% last week.

The dollar is down 0.03% against the yen at 157.7. The yen's decline was mitigated by news that Bank of Japan policymakers could raise their inflation forecast at a policy meeting this month as a prelude to hiking rates again. The yuan edged higher on Monday, rising 0.12% to 7.3533 per dollar, as Beijing took steps to support the currency, including easing offshore borrowing rules and suspending treasury bond purchases. These moves come amid renewed pressure on the yuan, driven by investor concerns over Beijing's limited economic stimulus measures.

In the commodities markets, Oil prices dipped slightly on Tuesday but remained near four-month highs as markets focused on the impact of new U.S. sanctions on Russian oil. Brent crude fell 0.4% to \$80.73 a barrel, and WTI crude dropped 0.2% to \$78.64 a barrel. This followed a 2% rise on Monday after sanctions were imposed on Russian firms Gazprom Neft, Surgutneftegas, and 183 oil-carrying vessels linked to Russia's "shadow fleet."

On the other hand, gold prices rose slightly in Asian trade, recovering from earlier losses as markets speculated on the impact of President-elect Donald Trump's proposed trade tariffs. The dollar's strength, near a two-year high, kept gold under pressure, with traders awaiting key U.S. inflation data for cues on interest rates. Spot gold and February gold futures both increased by 0.2%, with prices at \$2,669.41 and \$2,684.85 per ounce, respectively. Safe-haven demand offered limited support, offset by the resilient dollar. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0049	1.0450
GBP/USD	1.2008	1.2418
USD/ZAR	16.9871	20.9952
USD/AED	3.6527	3.6931
USD/JPY	155.53	159.58

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.