



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JANUARY 2025

DOMESTIC NEWS

Kenya's shilling was broadly unchanged against the U.S. dollar on Tuesday. The shilling traded at 129.20/129.70 per dollar, compared to 129.25/129.75 at the close of trading on Monday. (Refinitiv).

Diesel prices in Kenya have increased by Sh2 per litre, bringing the cost to Sh167.06 in Nairobi. Petrol prices rose slightly to Sh176.58. This marks the first price hike in over a year, ending a 14-month period of falling fuel prices. The Energy and Petroleum Regulatory Authority (Epra) announced price increases for super petrol, diesel, and kerosene. Despite the shilling strengthening against the dollar, the landed cost of diesel has risen slightly, while the cost of petrol has fallen. The price adjustments have raised concerns about future fuel price stability in Kenya.

Kenya's livestock and vegetable farmers are set to benefit significantly from a new Comprehensive Economic Partnership Agreement (EPA) with the UAE. The deal, which includes exports of meat, fruits, vegetables, and cut flowers, is expected to boost Kenya's agricultural sector once it is ratified. The agreement was signed by President William Ruto and UAE President Sheikh Mohamed bin Zayed Al Nahyan, marking the start of formalizing trade between the two nations. The government views the CEPA as a long-term strategy to increase trade, strengthen economic cooperation, and expand access to markets in the Middle East and Asia. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	154.00	167.00	153.20	167.90
EUR/KES	128.47	142.37	128.77	145.27
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

Most Asian currencies remained steady on Wednesday as the U.S. dollar pulled back from two-year highs ahead of key consumer inflation data. The dollar weakened following softer-than-expected producer price index (PPI) data, raising hopes of eased inflation, though some components indicated persistent inflation. Traders also focused on potential interest rate decisions in China and Australian labor market data. Attention remained on President Trump's proposed trade tariffs, which could contribute to long-term inflation. The dollar index was down 0.14% at 109.25, just below the 26-month high of 110.17 reached on Monday.

On the other hand, The GBP/USD traded 0.1% higher at 1.2214, recovering from a drop to 1.21 on Monday, its lowest point since November 2023. The pound has struggled due to rising gilt yields and concerns that the new Labour government may need to reduce spending or increase taxes to meet fiscal targets, potentially affecting future growth. Key UK economic data, including consumer prices, is expected this week.

The EUR/USD rose 0.1% to 1.0255, just above the more than two-year low of 1.0177 seen on Monday. The euro has been weak, dropping more than 6% in 2024, amid concerns over weak economic growth and tariff threats in the region.

USD/JPY climbed 0.2% to 157.77 after Bank of Japan Deputy Governor Ryozyo Himino indicated that the central bank will discuss raising interest rates at next week's meeting. Meanwhile, USD/CNY remained stable at 7.3311, close to its highest level since September 2023, amid increased focus on potential stimulus measures from Beijing.

In the commodities markets, Oil prices remained steady on Wednesday, with Brent at \$79.95 per barrel and WTI at \$76.45 per barrel. Prices stayed near a four-month high after a rally earlier in the week, sparked by new U.S. sanctions on Russia's oil and gas revenues. The sanctions raised concerns about tighter supply and potential increased demand, with analysts suggesting Brent could reach \$90 per barrel.

On the other hand, Gold prices remained steady on Tuesday as traders assessed the latest U.S. inflation data and reports on President-elect Donald Trump's planned trade tariffs. Spot gold traded flat at \$2,663.35 per ounce, while February gold futures dropped 0.1% to \$2,676.44 per ounce. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0101	1.0503
GBP/USD	1.2003	1.2408
USD/ZAR	16.9250	20.9315
USD/AED	3.6524	3.6934
USD/JPY	155.33	159.37

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