



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JANUARY 2025

DOMESTIC NEWS

Kenya's shilling remained stable against the dollar on Thursday, trading at 129.25/129.75 per dollar, the same as the previous day's closing rate. (Refinitiv).

The Sugar Bill, signed into law by President William Ruto in November 2024, introduces a 4% Sugar Development Levy, expected to raise sugar prices for consumers. The levy will fund factory upgrades, infrastructure in sugar-growing regions, Kenya Sugar Board administration, farmers' organizations, and research. It will take effect on February 1, 2025, alongside a 7.5% excise duty increase. The Kenya Sugar Board is requesting public feedback on the proposal by January 21st.

On other local news the Kenyan government is requiring social media firms to establish a physical presence in the country to address the growing misuse of online platforms, including harassment, hate speech, and incitement to violence. Interior Principal Secretary Raymond Omollo met with telecommunications and social media representatives to discuss this policy, emphasizing the need for accountability in response to rising disinformation and online abuse. Google and Microsoft are the only tech companies with a physical presence in Kenya, meaning most platforms will be affected. The move follows the increasing use of social media for activism, especially among the youth. (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	154.25	167.25	153.45	168.15
EUR/KES	128.38	142.28	128.68	145.18
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 U.S. dollar has reached multi-year highs, driven by President-elect Donald Trump's return to the White House and expectations of pro-growth, inflationary policies. The dollar index has surged nearly 10% since late September, supported by anticipated trade and tariff measures that could strengthen the dollar while putting pressure on other currencies. Higher U.S. interest rates make the dollar more attractive to investors, and while Trump has criticized the strong dollar for affecting exports, his policies are seen as boosting its value. Trump's Treasury Secretary nominee, Scott Bessent, emphasized maintaining the dollar as the global reserve currency.

On the other hand, The GBP/USD fell 0.3% to 1.2199 after the UK economy grew by only 0.1% in November, below the 0.2% forecast. The Bank of England is expected to cut rates in February, with more cuts likely in 2025.

EUR/USD dropped slightly to 1.0290, with German and Italian inflation data showing subdued prices in December. ING noted that EUR/USD struggled to rally despite a narrowing of rate spreads following a moderate U.S. inflation reading. The European Central Bank is expected to ease rates significantly in 2025, which could further weaken the euro.

USD/JPY fell 0.4% to 155.75, hitting its lowest point since mid-December, as the yen strengthened after Bank of Japan Governor Kazuo Ueda hinted at a possible rate hike amid rising inflation and wages.

USD/CNY remained steady at 7.3317, hovering near a 16-month high, with attention shifting to key GDP data from China set to be released on Friday.

In the commodities markets, Oil prices rose on Friday, supported by U.S. sanctions on Russian energy trade, which impacted supply and pushed up spot prices and shipping rates. Brent crude increased by 0.5% to \$81.73 per barrel, and U.S. West Texas Intermediate crude rose 0.8% to \$79.30. Both Brent and WTI have gained 2.5% and 3.6% respectively this week.

On the other hand, Gold prices remained near a one-month high, supported by uncertainty over U.S. policies, while copper rose on positive Chinese GDP data. A weaker dollar helped boost metals, though strong U.S. consumer spending kept the dollar firm. Gold spot prices steadied at \$2,715.04, with futures slightly lower at \$2,745.26. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0090	1.0490
GBP/USD	1.2014	1.2418
USD/ZAR	16.8027	20.8126
USD/AED	3.6524	3.6930
USD/JPY	153.63	157.66

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.