



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND JANUARY 2025

DOMESTIC NEWS

Kenya's shilling weakened slightly against the U.S. dollar on Tuesday, trading at 129.25/129.75, compared to 129.10/129.60 on Monday, as foreign exchange demand slightly exceeded inflows from remittances and the tea sector. (Refinitiv).

The Kenyan Treasury is proposing reforms to shift the responsibility for issuing government bonds and Treasury bills from the Central Bank of Kenya (CBK) to the Treasury's Public Debt Management Office (PDMO) in an effort to reduce borrowing costs. The plan aims to centralize and streamline domestic debt issuance, making PDMO more accountable and potentially lowering interest rates on government securities. This proposal has sparked resistance from the CBK, which currently acts as the Treasury's fiscal agent in managing debt auctions. The move aligns with practices in countries like the US, where the Treasury issues government securities, while central banks focus solely on monetary policy, contrasting with the practices in some African nations where central banks handle debt auctions.

On other local news, starting next month, the Kenya National Bureau of Statistics (KNBS) will separate food, fuel, and transport price changes from other items in its inflation data, introducing core and non-core inflation reports for greater clarity on the cost of living. This change comes after discrepancies between KNBS and the Central Bank of Kenya's (CBK) inflation figures and is driven by East African Community (EAC) guidelines. By excluding volatile items like matatu fares, omena, and maize flour from core inflation, the move will help CBK better regulate prices and stabilize the economy. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.35	134.35	124.35	134.35
GBP/KES	155.56	168.56	154.76	169.46
EUR/KES	129.78	143.68	130.08	146.58
AED/KES	31.22	44.22	33.22	44.72

	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 lost ground on Wednesday as investors remained cautious ahead of potential new U.S. tariffs under the Trump administration, with the Malaysian ringgit strengthening on expectations of steady interest rates. The U.S. Dollar Index rose 0.2%, following a more than 1% loss earlier in the week, amid news that Trump was considering imposing 10% tariffs on Chinese imports from February 1. Despite expectations of gradual implementation, the potential tariffs could significantly impact Asian currencies, given the region's reliance on trade with China.

The EUR/USD pair dipped to around 1.0415 during Wednesday's Asian trading hours, as the Euro weakened against the US Dollar following US President Donald Trump's vow to impose tariffs on the European Union.

GBP/USD paused its two-day rally at 1.2330, with the US Dollar holding modest gains after Trump confirmed that a proposal for universal tariff hikes is still under consideration.

The USD/JPY pair edged 0.2% higher ahead of the Bank of Japan's (BoJ) policy meeting, where a rate hike is expected. The BoJ is anticipated to continue raising rates if the economy remains on track. Other pairs saw mixed movements, with USD/CNH up by 0.3%, AUD/USD down by 0.2%, and USD/SGD and USD/INR rising 0.3% and 0.1%, respectively.

In the commodities markets, Oil prices were little changed on Wednesday as markets evaluated the impact of U.S. President Trump's national energy emergency declaration, which aims to boost oil production. Brent crude rose to \$79.38, and WTI edged up to \$75.84. Trump's energy plan, which includes rolling back environmental protections and withdrawing from the Paris climate agreement, is causing mixed market reactions. Focus remains on whether his goal to fill U.S. strategic reserves will happen and the effects of upcoming tariff policies.

On the other hand, gold prices rose on Tuesday, with spot gold increasing to \$2,727.39 per ounce and February futures reaching \$2,743.57, as the dollar weakened. Traders are bracing for increased volatility as U.S. President Trump begins his second term, with his policy announcements expected to impact market dynamics. Gold remains above a one-month peak, influenced by potential shifts in U.S. policy and the Federal Reserve's monetary stance.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0215	1.0617
GBP/USD	1.2139	1.2546
USD/ZAR	16.4891	20.5070
USD/AED	3.6524	3.6930
USD/JPY	153.82	157.85

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