



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 27<sup>TH</sup> JANUARY 2025**

**DOMESTIC NEWS**

Kenya's shilling remained stable against the U.S. dollar on Friday, trading at 129.00/129.50 per dollar, unchanged from Thursday's closing session. (Refinitiv).

Moody's Investors Service upgraded Kenya's credit outlook from negative to positive, citing improved debt affordability, reduced liquidity risks, and fiscal consolidation efforts, including recent tax reforms to boost revenue. This upgrade enhances Kenya's access to global capital markets as the government plans to borrow extensively to address budget deficits. Despite maintaining a "Caa1" rating, indicating high credit risk, Moody's acknowledged Kenya's economic resilience, rapid growth, and improved domestic financing conditions. However, it emphasized the need for fiscal discipline and managing the high debt burden. The government plans to issue Eurobonds in 2025, with the fiscal deficit expected to narrow slightly from 4.3% of GDP in 2024-25 to 3.9% in 2025-26. (The Standard)

On other local news, Kenya's visitor arrivals grew by 4.09% to 1.54 million in the 11 months to November 2024, a slower increase compared to 2023, despite the visa-free policy introduced in January. The policy, which requires travelers to apply for an Electronic Travel Authorization (eTA) 72 hours before arrival for \$30, faced criticism for being similar to a visa application and hindering emergency travel. Kenya's ranking in the Africa Visa Openness Report dropped from 29th in 2023 to 46th in 2024. Despite the slow growth, Tourism Cabinet Secretary Rebecca Miano projected record arrivals of 2.4 million for the year. (Business Daily)

**Indicative Forex Rates**

|                | Buy Cash | Sell Cash | Buy TT | Sell TT |
|----------------|----------|-----------|--------|---------|
| <b>USD/KES</b> | 124.25   | 134.25    | 124.25 | 134.25  |
| <b>GBP/KES</b> | 156.85   | 169.85    | 156.05 | 170.75  |
| <b>EUR/KES</b> | 130.28   | 144.18    | 130.58 | 147.08  |
| <b>AED/KES</b> | 31.19    | 44.19     | 33.19  | 44.69   |

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



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

**INTERNATIONAL NEWS**

The US dollar weakened on Friday, with the Dollar Index dropping 0.6% to 107.205, marking a weekly decline of over 1%. The decline followed remarks by US President Donald Trump at the World Economic Forum in Davos, where he stated his intention to call for lower Federal Reserve interest rates, advocating for global rate reductions as well. Meanwhile, the euro strengthened after better-than-expected economic activity data. Analysts from ING noted that the Federal Open Market Committee (FOMC) is likely to hold rates steady next week, which may not trigger further unwinding of USD positions. The dollar's decline this week was also attributed to the absence of expected tariff announcements after Trump's inauguration.

The euro strengthened, with EUR/USD rising 0.8% to 1.0500, supported by better-than-expected eurozone PMI data, which showed the region returning to growth in January. ECB President Christine Lagarde reiterated plans for gradual rate hikes, aligning with expectations of rates reaching 2% this year.

Similarly, GBP/USD climbed 0.7% to 1.2436 after strong UK PMI data signaled ongoing economic expansion. USD/JPY fell 0.5% to 155.23 following a 25-basis-point rate hike by the Bank of Japan, which projected sustained inflation near its target and hinted at future hikes. Meanwhile, USD/CNY declined 0.7% to 7.2385, as the Chinese yuan gained on optimism over a more conciliatory tone from US President Trump regarding tariffs. Overall, improved economic activity and shifting monetary policy expectations fueled these currency movements, although global uncertainty remains a key factor.

In the commodities markets, Oil prices fell on Monday after U.S. President Trump urged OPEC to lower oil prices, following measures announced in his first week to boost U.S. oil and gas production. Brent crude futures declined 0.68% to \$77.97 a barrel, while U.S. West Texas Intermediate (WTI) dropped 0.67% to \$74.16. On Friday, Trump reiterated his push for OPEC to cut prices to strain Russia's finances and aid efforts to end the war in Ukraine.

On the other hand, gold prices neared record highs on Friday, with spot gold rising 0.7% to \$2,773.91 per ounce and February futures gaining 0.6% to \$2,781.39. The metal was set for a 3% weekly increase, supported by a weaker dollar, U.S. President Trump's call for immediate interest rate cuts, and safe-haven demand amid tariff uncertainties.

(investing.com).

**Indicative Cross Rates**

|                | Bid     | Offer   |
|----------------|---------|---------|
| <b>EUR/USD</b> | 1.0261  | 1.0663  |
| <b>GBP/USD</b> | 1.2247  | 1.2654  |
| <b>USD/ZAR</b> | 16.5278 | 20.5381 |
| <b>USD/AED</b> | 3.6529  | 3.6930  |
| <b>USD/JPY</b> | 153.97  | 157.97  |

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