



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JANUARY 2025

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Wednesday, trading at 129.00/129.50 per dollar, unchanged from Tuesday's close. (Refinitiv).

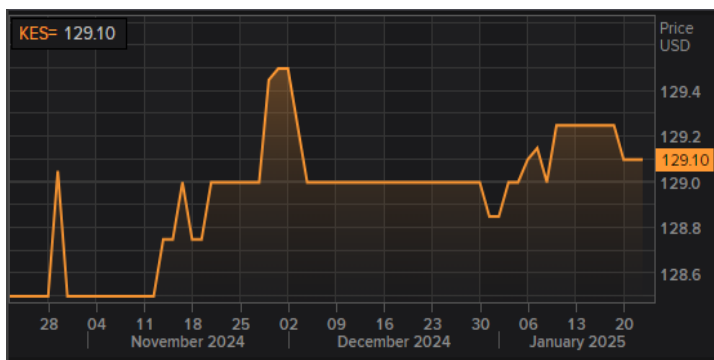
Kenya's economy is expected to grow by 5.1% in 2025, up from an estimated 4.8% in 2024, driven by lower borrowing costs and reduced budget deficits. A consensus from 13 global financial institutions highlights improved investment conditions, though political instability remains a key risk. Economic growth slowed in 2024 due to uncertainty, protests, and reduced cash circulation, with GDP expanding by only 0.9% in Q2 and 1.0% in Q3. Growth forecasts range from 4.7% to 5.7%, with Frontier View projecting the highest at 5.7%.

On other news, foreign investor participation at the Nairobi Securities Exchange (NSE) dropped to 35.49% in December 2024, the lowest in 21 months, as local investors increased activity. This shift boosted smaller-cap stocks like Kenya Power, East Africa Portland Cement, and KenGen. Declining fixed income returns, driven by falling interest rates, prompted investors to favor equities. In early 2025, foreign participation averaged 40.4%. The Capital Markets Authority (CMA) highlighted initiatives like day trading and margin trading to sustain local investor activity and enhance market turnover. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.20	134.20	124.20	134.20
GBP/KES	156.80	169.90	156.00	170.70
EUR/KES	129.72	143.62	130.02	146.52
AED/KES	31.18	44.18	33.18	44.68

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%



INTERNATIONAL NEWS

Most Asian currencies showed little movement on Thursday as markets absorbed the slightly hawkish stance of the U.S. Federal Reserve. The Fed held its benchmark interest rate and indicated no immediate rate cuts. The US Dollar Index remained steady, supported by expectations of slower rate cuts in 2025 and ongoing concerns over President Trump's tariff policies.

Fed officials reiterated their commitment to a restrictive monetary policy until inflation moves toward the 2% target. ING analysts noted that the conditions for a dovish shift haven't been met, allowing the USD to firm up. Asian currencies faced downward pressure from both the U.S. rate outlook and uncertainties surrounding Trump's impending 25% tariffs on imports from Canada and Mexico, with possible additional tariffs on Chinese goods.

EUR/USD fell 0.1% to 1.0423 as German consumer sentiment declined ahead of February, with the GfK index dropping to -22.4. Meanwhile, Spain's GDP grew 3.2% in 2024, outperforming other eurozone economies. The European Central Bank is expected to cut rates again on Thursday. Analysts see EUR/USD risks skewed towards a drop below 1.040.

GBP/USD slipped 0.1% to 1.2432, while USD/SEK rose 0.1% to 11.0128 ahead of an expected Riksbank rate cut. In Asia, USD/JPY fell 0.2% to 155.29, with Tokyo inflation data due Friday. USD/CNH edged 0.1% higher to 7.2743 amid the Lunar New Year holiday, while AUD/USD dropped 0.2% following softer inflation data.

In the commodities markets, Oil prices were largely unchanged on Thursday as markets awaited U.S. President Donald Trump's threatened tariffs on Canada and Mexico, the two largest crude oil suppliers to the U.S., and prepared for an upcoming OPEC+ meeting. Brent crude futures dropped 0.1% to \$76.51 per barrel, while U.S. crude futures edged up 0.03% to \$72.64. U.S. crude had settled at its lowest price of the year on Wednesday. Trump is set to impose tariffs on Canada and Mexico starting Saturday, according to White House spokeswoman Karoline Leavitt.

On the other hand, gold prices remained steady in Asian trading on Wednesday as markets awaited the Federal Reserve's policy decision amid growing uncertainty surrounding U.S. trade policies under President Donald Trump. Spot gold stayed flat at \$2,762.64 per ounce, while February Gold Futures rose slightly by 0.1% to \$2,796.06 an ounce. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0220	1.0624
GBP/USD	1.2245	1.2652
USD/ZAR	16.5367	20.5448
USD/AED	3.6529	3.6931
USD/JPY	152.47	156.51

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.