



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 31<sup>ST</sup> JANUARY 2025

### DOMESTIC NEWS

Kenya's shilling remained stable against the dollar on Thursday, trading at 129.00/129.50 per dollar, unchanged from Wednesday's close. (Refinitiv).

The Government reaffirmed its commitment to the Bottom-Up Economic Transformation Agenda (BETA), highlighting achievements such as reducing inflation to 2.7%, lowering interest rates, and stabilizing the Kenyan Shilling. Moody's upgraded Kenya's credit rating to 'positive,' reflecting improved fiscal management. Efforts to support HIV patients continue despite funding challenges, and a task force has been established to combat rising femicide cases. Additionally, Sh3.52 billion was disbursed under the Inua Jamii cash transfer program, with a new MPESA-based system being piloted. Major infrastructure projects, including port modernization, railway improvements, and LAPSET, are boosting trade, job creation, and economic growth. (Refinitiv)

On other news, MPs have criticized President Ruto's new health system, citing operational failures in the Social Health Authority (SHA). They raised concerns over system downtimes, delays in patient care, and slow claim approvals, leaving many patients stranded. Lawmakers demanded a list of contracted hospitals, a feasibility study report, and clarity on covered services. They urged the ministry to address inefficiencies and provide solutions to improve SHA's functionality. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	156.59	169.59	155.79	170.49
EUR/KES	129.39	143.29	129.69	146.19
AED/KES	31.19	44.19	33.19	44.69

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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 November 2024 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar slightly weakened on Thursday, with the Dollar Index falling 0.1% to 107.710 after a mildly hawkish Federal Reserve meeting. While the Fed held interest rates steady, Chair Jerome Powell gave little indication on future rate cuts, reiterating the 2% inflation target. Analysts predict two rate cuts in June and December 2025, with markets now closely watching U.S. economic data and tariff developments for further direction.

On Friday, the Dollar Index rose 0.4% in Asian trading, supported by expectations of slower rate cuts in 2025 and the lingering effects of President Donald Trump's tariff threats. Trump reiterated his warning to BRICS nations about facing steep tariffs if they attempt to create a common currency to reduce reliance on the U.S. dollar. His comments sparked a risk-off sentiment, leading to declines in Asian currencies, especially those from export-dependent economies.

The EUR/USD fell 0.1% to 1.0424 ahead of the European Central Bank's expected 25 basis point rate cut, despite rising inflation in the eurozone. Investors are also watching for growth data, following weak economic performances in France and Germany.

Meanwhile, GBP/USD slipped to 1.2449 after UK Chancellor Rachel Reeves outlined plans to boost economic growth, though sterling remains vulnerable. USD/JPY dropped 0.4% to 154.52 due to safe-haven demand, while USD/CNH was slightly lower at 7.2613 with thin trading volumes during the Lunar New Year. AUD/USD remained steady at 0.6230 amid rate cut expectations following soft inflation data.

In the commodities markets, Oil prices rose on Friday as markets reacted to the potential threat of tariffs by U.S. President Donald Trump on Mexico and Canada, major crude exporters to the U.S. Brent crude gained 61 cents to \$77.48 a barrel, while U.S. West Texas Intermediate (WTI) rose 65 cents to \$73.38. Despite these gains, both Brent and WTI are set to finish the week lower. However, for January, Brent is set to rise 3.8%, its best month since June, and WTI is expected to increase by 2.3%.

On the other hand, gold prices showed limited movement in Asian trading on Thursday as markets weighed the impact of a hawkish Federal Reserve policy and uncertainty surrounding U.S. tariffs. XAU/USD rose 0.1% to \$2,765.64 per ounce, while Gold Futures for February increased by 0.3% to \$2,803.39 an ounce, reflecting cautious market sentiment.

(investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0188	1.0590
GBP/USD	1.2221	1.2625
USD/ZAR	16.5531	20.5657
USD/AED	3.6527	3.6933
USD/JPY	152.76	156.78

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.