



DIB Bank Kenya

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TREASURY MARKET UPDATE 11TH FEBRUARY 2025

DOMESTIC NEWS

The Kenyan shilling remained stable against the dollar on Monday, holding at 129.00/129.20 per dollar, unchanged from Friday's closing rate. (Refinitiv).

The court has ruled that the failure of national and county governments to allocate 30% of their budgets to development is unlawful. This follows a 2024 petition by the Kenya Human Rights Commission (KHRC). Judges ordered 20 counties and the National Treasury to comply within three months. A report showed that in the first half of the 2023-24 financial year, the national government allocated only 17% to development, while some counties spent less than 10%. KHRC argued that this failure undermines development and violates citizens' rights. (Capital Business).

On other news, The Kenya Revenue Authority (KRA) is facing scrutiny over the loss of 9.7 million excise stamps, raising concerns about tax evasion and counterfeit goods. Auditor-General Nancy Gathungu flagged the issue in a recent audit but found no evidence on when or how the stamps went missing. Excise stamps indicate tax compliance and product authenticity, and their disappearance could fuel illicit trade. Manufacturers warn of increased counterfeit goods, which already make up 40% of Kenya's market. President Ruto previously questioned discrepancies in KRA's stamp sales, highlighting ongoing tax evasion concerns. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.10	134.10	124.10	134.10
GBP/KES	155.19	168.59	154.79	169.49
EUR/KES	128.15	142.05	128.45	144.95
AED/KES	31.15	44.15	33.15	44.65

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	7.00%		1.50%	
1 Month	7.25%		2.25%	
3 Months	7.50%		2.75%	
6 Months	7.75%		3.00%	
1 year	8.00%		3.50%	



USD movement from November 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The US dollar strengthened on Monday after President Donald Trump announced plans to impose new tariffs on metal imports, boosting demand for the safe-haven currency. The Dollar Index rose 0.2% to 108.140 as concerns over a potential global trade war grew.

Trump also vowed to impose reciprocal tariffs on key trading partners. China's retaliatory tariffs on US goods are set to take effect soon. Analysts at ING expect continued dollar support due to trade uncertainties but warn that a potential Russia-Ukraine ceasefire could impact its strength.

Investors are also watching US inflation data and Federal Reserve Chair Jerome Powell's congressional testimony this week.

EUR/USD fell 0.1% to 1.0316, staying near a two-year low. Concerns over potential tariffs on the EU and upcoming US inflation data could push the pair lower, possibly to 1.0225.

GBP/USD declined 0.1% to 1.2397 after last week's Bank of England rate cut. Sterling remains under pressure due to tariff concerns, with investors awaiting insights from BOE member Catherine Mann's speech on future rate decisions.

USD/JPY weakened sharply, with USD/JPY rising 0.6% to 152.37. Despite earlier yen strength from strong wage data and a January rate hike, weaker-than-expected current account data led to a pullback.

In the commodities markets, Gold surged to a record high of \$2,942.70 an ounce on Tuesday, driven by fears of a global trade war fueled by US President Donald Trump's tariff policies. The metal has been on a 16-month rally, gaining 63% since October 2023 and 16% since Trump's re-election in November 2024. Investors are turning to gold as a safe-haven asset amid rising uncertainty, with the latest US move imposing 25% tariffs on aluminium and steel imports, removing exemptions for key suppliers like Canada and Brazil.

On the other hand, Oil prices rose on Tuesday, with Brent crude up 0.32% to \$76.11 and WTI gaining 0.26% to \$72.51. The increase followed news that Russian oil production fell below its OPEC+ quota, easing oversupply concerns. Both oil benchmarks had gained nearly 2% in the previous session after three weeks of losses. Additionally, reports that European nations may seize Russia's shadow fleet contributed to worries over further supply disruptions, though concerns about escalating trade tariffs limited further gains. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0105	1.0506
GBP/USD	1.2160	1.2566
USD/ZAR	16.4164	20.4344
USD/AED	3.6528	3.6933
USD/JPY	149.87	153.88

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.