

DOMESTIC NEWS

The Kenyan shilling was steady on the dollar on Thursday. The shilling traded at 128.50/129.50 to the dollar, the same as Wednesday's closing rate. (Refinitiv)

The World Bank has warned the Kenyan government against its push to end Kenya Power's monopoly in the sale of electricity to homes and businesses, saying exposing the utility to competition will trigger a surge in electricity prices. The Bretton Woods institution reckons that allowing other firms to sell power also risks crippling the Nairobi bourse-listed utility due to long-term wholesale electricity agreements it has inked with generators like KenGen, Lake Turkana Wind and OrPower4. The warning to Kenya was delivered via the International Monetary Fund (IMF) at a meeting in Washington, DC with top Treasury officials ahead of agreeing to offer the country a Sh78.3 billion loan. (Business Daily)

On other local news, the Treasury has reinstated its plans to impose a five percent withholding tax on interest earned from infrastructure bonds with tenures of at least three years. The infrastructure bonds (IFBs) have been tax-free since they were first issued in February 2009—meaning that they will for the first time attract taxes if the proposal that was previously also contained in the shelved controversial Finance Bill 2024 is approved by Parliament. IFBs are used by the government to finance the development or construction of specified infrastructure projects. The bonds have been popular in the market due to their tax-free profile. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	163.54	176.54	162.74	177.44
EUR/KES	135.65	149.55	135.95	152.45
AED/KES	31.12	44.12	33.12	44.62

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	9.50%	1.50%
1 Month	9.75%	2.50%
3 Months	10.00%	3.25%
6 Months	10.25%	3.50%
1 year	10.50%	4.25%



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

INTERNATIONAL NEWS

Most Asian currencies firmed on Monday as the dollar fell sharply from recent highs after soft labor data, with focus turning squarely to the upcoming presidential election and a Federal Reserve meeting. Regional currencies benefited from weakness in the dollar, with the dollar index and dollar index futures both falling about 0.6% each in Asian trade. The greenback was dented by softer-than-expected nonfarm payrolls data on Friday, which showed the U.S. labor market was steadily cooling. Uncertainty before the U.S. election also weighed on the dollar, as polls showed a tight race between Donald Trump and Kamala Harris, with voting set for Tuesday.

Elsewhere the EUR/USD traded 0.2% lower at 1.0861, handing back some of the previous session's euro gains after data showed that the eurozone's inflation accelerated more than expected in October, bolstering the case for caution in European Central Bank interest rate cuts. GBP/USD rose 0.1% to 1.2917, with traders still digesting the latest UK budget, with British finance minister Rachel Reeves launching massive tax increases. USD/JPY rose 0.5% to 152.72, with the yen handing back earlier gains after the Bank of Japan maintained ultra-low interest rates but said risks around the U.S. economy were somewhat subsiding. USD/CNY rose 0.1% to 7.1242, despite China's manufacturing activity swinging back to growth in October, a private-sector survey showed on Friday.

In the commodities market, Gold prices rose in Asian trade on Monday, remaining in sight of record highs as anticipation of a tight presidential election and an upcoming Federal Reserve meeting kept haven demand high. Spot gold rose 0.2% to \$2,741.31 an ounce, while gold futures expiring in December steadied at \$2,750.40 an ounce. In addition to pre-election haven demand, gold also took support from recent declines in the dollar, as the greenback tumbled from three-month highs after soft payrolls data released last week. Such a trend is expected to give the Fed more impetus to cut interest rates. The central bank is widely expected to cut rates by 25 basis points later this week, although its plans for future rate cuts remain uncertain.

On the other end Oil prices extended gains on Monday, rising more than \$1 on a decision by OPEC+ to delay by a month plan to increase output, while the market braced for a week that spans a U.S. presidential election and a key meeting in China. Brent futures rose by \$1.18 per barrel, or 1.61%, to stand at \$74.28 a barrel. U.S. West Texas Intermediate (WTI) crude rose by \$1.21 a barrel, or 1.74%, to stand at \$70.70. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0695	1.1095
GBP/USD	1.2788	1.3190
USD/ZAR	15.5321	19.5493
USD/AED	3.6522	3.6932
USD/JPY	149.88	153.90