



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH FEBRUARY 2025

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Monday, trading at 129.00/129.20 per dollar compared to Friday's 129.10/129.30. (Refinitiv).

Kenya's average interest rate on new external loans hit a record 4.6% in June 2024, up from 3.2% the previous year, due to expensive refinancing of the 2014 Eurobond at a higher 9.75% rate. Tough global financing conditions increased borrowing costs, despite efforts to shift towards concessional lenders like the World Bank and IMF. Kenya's external debt stood at \$39.8 billion, making up 48.8% of the total public debt of Sh10.56 trillion. (Business Daily).

In other news, the US government has terminated five major USAID contracts and grants in Kenya worth Sh32.5 billion as part of President Donald Trump's foreign aid cuts, affecting projects in clean energy, education, and governance. Key cancellations include the Sh11.49 billion Empower East and Central Africa (EECA) program, the Sh10.2 billion Kenya Primary Literacy Programme (KPLP), and a Sh6.66 billion monitoring and evaluation contract with SoCha. The funding freeze has raised concerns over the future of humanitarian programs, including HIV, malaria, and tuberculosis support, while also threatening over 35,000 jobs. Although a federal judge has temporarily blocked some cuts following a lawsuit by global health organizations, USAID has already issued termination notices, sparking uncertainty and potential legal disputes. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.15	134.15	124.15	134.15
GBP/KES	158.66	171.66	157.86	172.56
EUR/KES	130.14	144.04	130.44	146.94
AED/KES	31.16	44.16	33.16	44.66

	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 December 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rebounded on Tuesday, rising 0.2% as investors sought safe-haven assets amid concerns over potential new tariffs under Donald Trump's administration and expectations of prolonged high U.S. interest rates. The Dollar Index, which had dropped over 3% from its January peak, recovered as markets braced for escalating trade tensions. Analysts at ING noted that upcoming tariffs could further strengthen the dollar, which had already gained 10% between October and January. The stronger dollar put pressure on Asian currencies, extending their declines.

GBP/USD: The pair ended its five-day winning streak, trading around 1.2600 as traders awaited UK employment data. The Claimant Count Change for January is expected to rise to 10K, and the unemployment rate may increase to 4.5%. UK Prime Minister Keir Starmer stressed the importance of a US-backed Ukraine peace deal.

EUR/USD: The euro extended its losses for a second session, trading near 1.0460, pressured by a stronger US dollar and rising Treasury yields.

USD/JPY: The pair rebounded past 152.00 after hitting a one-week low, supported by optimism over a potential delay in Trump's reciprocal tariffs and a stronger dollar. However, BoJ rate hike expectations may limit further gains.

CNY/USD: The yuan reference rate was fixed at 7.1697 per USD, slightly changed from the previous day. The onshore yuan traded at 7.2592 as of 16:30 Hong Kong time, staying within the central bank's daily 2% trading band.

In the commodities markets, Brent crude oil prices rose slightly on Tuesday, gaining 0.2% to \$75.37 per barrel, while WTI crude increased to \$71.41 per barrel following a U.S. holiday. The gains were driven by a drone attack on a Russian pipeline station that disrupted Kazakhstan's oil flows, affecting shipments by companies like Chevron and Exxon Mobil. However, expectations of rising supply limited further price increases, with the February Black Sea CPC Blend oil loading plan remaining unchanged.

On the other hand, gold prices edged higher on Monday, with spot gold rising 0.6% to \$2,901.21 an ounce and April gold futures up 0.3% to \$2,910.70. Safe-haven demand remained strong due to uncertainty over U.S. trade tariffs and interest rates, though Trump's postponement of some tariffs and speculation over a Russia-Ukraine peace treaty slightly tempered gains. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0252	1.0654
GBP/USD	1.2392	1.2796
USD/ZAR	16.4666	20.4734
USD/AED	3.6524	3.6934
USD/JPY	150.04	154.09

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.