



DIB Bank Kenya

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TREASURY MARKET UPDATE 05TH FEBRUARY 2025

DOMESTIC NEWS

Kenya's shilling gained slightly against the dollar on Tuesday, data from the London Stock Exchange Group showed. The shilling traded at 128.85/129.35, compared with Monday's closing rate of 129.00/129.50. (Refinitiv).

Kenya will increase handling and storage fees for imported aviation fuel by 8.6% from July, likely leading to higher airfares as airlines pass on costs to passengers. Oil marketers will pay Sh563.92 per cubic metre, up from Sh518.83, while truck loading fees will rise by 5.3%. The new tariffs, set by Epra, apply to key fuel storage facilities and will remain in place until 2027. Airlines, including Kenya Airways, have historically raised ticket prices in response to fuel cost hikes, with fuel accounting for about a third of airline expenses. Aviation fuel prices are not regulated, allowing oil firms to adjust prices freely. (Business Daily).

On other news, A survey by the Communications Authority of Kenya (CA) shows that over 70% of complainants are dissatisfied with how their issues are handled, highlighting poor service at the regulator. Only 29.3% expressed satisfaction with the complaint resolution process. CA oversees complaints related to telecom services, internet providers, cybercrime, domain registrars, and courier firms. Common complaints include scams, poor service from providers like Zuku and Safaricom, network issues, and service disruptions. Most complaints are lodged via email, phone, or social media, but overall satisfaction with CA's responses remains low. (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	157.17	170.17	156.37	171.07
EUR/KES	129.20	143.10	129.50	146.00
AED/KES	31.19	44.19	33.19	44.69

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	8.00%	1.50%
1 Month	8.25%	2.25%
3 Months	8.50%	2.75%
6 Months	8.75%	3.00%
1 year	9.00%	3.50%



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

INTERNATIONAL NEWS

The US dollar fell slightly on Tuesday after the Biden administration delayed some planned trade tariffs, though tensions with China persisted. The Dollar Index dropped 0.5% after hitting a three-week high. Agreements between the US, Canada, and Mexico led to a 30-day tariff reprieve in exchange for stricter border enforcement. However, new US tariffs on Chinese goods took effect, prompting Beijing to announce retaliatory measures on American exports. Analysts warned that market caution over trade risks may increase despite the temporary relief for Canada and Mexico.

The EUR/USD remains stable at 1.0345 after rebounding from its lowest level since November 2022. The euro gained some support from the postponement of Canadian and Mexican tariffs, but trade tensions with the U.S. continue to pose a risk. While eurozone sentiment has improved on hopes of a deal, analysts warn that the U.S. may keep EU tariffs in place longer, pressuring the euro before any agreement is reached.

GBP/USD fell 0.2% to 1.2433, with the pound losing ground despite Monday's U.S. dollar strength. ING (Internationale Nederlanden Groep) noted that the UK is less exposed to U.S. tariffs, as its exports to the U.S. and China make up a small percentage of GDP. However, attention is now on the Bank of England's upcoming policy meeting, where a potential rate cut could be on the table to support the struggling economy.

USD/CNH fell 0.2% to 7.2944 as the yuan stabilized despite U.S. tariffs on China. A possible meeting between Trump and Xi could ease trade tensions. Meanwhile, USD/JPY rose 0.3% to 155.15 after an overnight decline.

In the commodities markets, gold prices hit a record high in Asian trade on Wednesday, driven by safe-haven demand amid rising U.S.-China trade tensions and geopolitical concerns over Trump's comments on Gaza. A weaker dollar further supported gold, erasing its weekly gains. Spot gold reached \$2,858.27 per ounce, while April gold futures rose to \$2,885.39 per ounce.

On the other hand, Oil prices fell on Wednesday as rising U.S. stockpiles and U.S.-China trade war concerns outweighed Trump's efforts to curb Iranian crude exports. Brent dropped 0.51% to \$75.81, while WTI fell 0.36% to \$72.44. U.S. crude inventories increased by 5.03 million barrels, indicating weaker demand. Prices briefly rebounded after Trump reinstated sanctions on Iran, potentially impacting 1.5 million barrels per day. Analysts believe China's retaliatory tariffs will have minimal market impact. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0190	1.0592
GBP/USD	1.2285	1.2692
USD/ZAR	16.6325	20.6396
USD/AED	3.6526	3.6933
USD/JPY	151.27	155.28

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.