



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 02ND FEBRUARY 2021

### DOMESTIC NEWS

The Kenya shilling was stable on Monday with supply from remittances and NGO's matching demand from oil and merchandise importers. Dollar demand from importers as global economies ease business and movement restrictions occasioned by Covid-19 will continue to hurt the shilling in the near future. However, the tight liquidity being observed in the local money market might give a temporary relieve to the depreciation. The Central Bank of Kenya (CBK) raised KES 15.98 Billion out of the KES 24 Billion worth of Treasury Bills offered in last week's auction representing an undersubscription of 66%.

By close of the day, the local unit stood at 110.05/25, same as the day's opening.

The analysis by the CBK yesterday showed excess liquidity in the market. The regulator was thus in the market to mop KES 15BN in 7 days TAD in order to remain within the set monetary policy path by the MPC.

Elsewhere, preliminary data from the National Treasury indicates that Kenya added KES 1.2 trillion to its debt portfolio in 2020 as the country's stock of debt hit KES.7.3 trillion in December from KES.6 trillion a year earlier attributed to a growing financing deficit occasioned by a steep fall in revenues from COVID-19 related disruptions to economic activity.

### Indicative Forex Rates

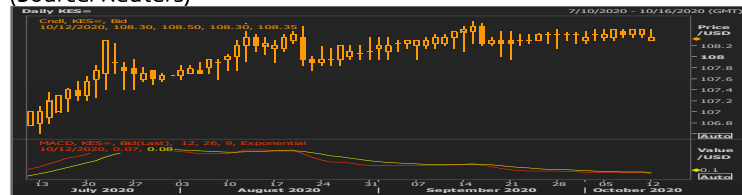
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.65	113.65	107.65	112.65
GBP/KES	146.72	154.72	147.22	154.22
EUR/KES	129.50	136.50	130.00	136.00
AED/KES	27.96	32.02	27.96	32.02

Money Market Rates	Current	Previous	Change
Interbank Rate	5.7192%	5.7902%	0.071
91-Day T-bill	6.897%	6.983%	0.086
182-Day T-Bill	7.578%	7.508%	0.070
364-Day T-Bill	8.623%	8.508%	0.115
Inflation	5.690%	5.620%	0.070
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.22325	-0.53729	0.04388
12 months	0.31113	-0.50414	0.08288

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar hovered near a seven-week high on Tuesday, largely benefiting from a euro selloff overnight after coronavirus lockdowns choked consumer spending in Europe's biggest economy.

Global sentiment remains cautious overall, with investors still digesting the previous week's market volatility that was triggered by a retail trading frenzy in stocks. However, investor sentiments were boosted after a "very productive" two-hour meeting on Monday between U.S. President Joe Biden and a group of ten Republican senators to discuss a downsized COVID-19 stimulus package.

However, Biden maintained that the \$618 package proposed by the group does not go far enough to solve the COVID-19 crisis and insisted on keeping the \$1.9 trillion price tag that he proposed in January. Democrat lawmakers also filed the \$1.9 trillion budget measure on Monday, a step towards bypassing Republicans to get the measure passed in Congress, ahead of the meeting.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged down 0.15% to 90.890. Pound drifted 0.21% \$1.3680, with a Bank of England monetary policy decision due on Thursday and its eagerly anticipated report on the feasibility of negative rates. BoE Governor Andrew Bailey has previously downplayed the prospect of negative rates, citing concerns about the impact on the banking system.

The Euro sank to two-and-a-half-week lows at \$1.2075 overnight in reaction to disappointing German retail sales figures. Europe is still feeling the impact of a second wave of COVID-19 cases in the continent and is also struggling with its COVID-19 vaccine rollout program. Retail sales grew contracted 9.6% month-on-month and grew 1.5% year-on-year in December, well below the respective forecast contraction of 2.6% and 5% growth. **Source: Reuters**

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	0.05%
1 Month	6.25%	0.75%
3 Months	6.50%	1.00%
6 Months	6.75%	1.25%
1 year	7.00%	1.50%

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1910	1.2210
GBP/USD	1.3515	1.3815
USD/AED	3.6605	3.6865
USD/JPY	103.50	106.50

For more details, contact our Treasury staff Jackline, Loryne, Evelyn and Benson on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913354/55/51. 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. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.