



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 03RD FEBRUARY 2021

DOMESTIC NEWS

The Kenya shilling was stable on Tuesday due to dollar inflows from exports matching demand from oil and merchandise importers. Increased economic activities in December 2020 saw the Kenya Revenue Authority surpass its target for the first time during the Covid-19 pandemic, netting more than KES.166 billion in taxes. However, the tight liquidity being observed in the local money market might give a temporary reprieve to the depreciation. By close of the day, the local unit stood at 110.05/25, unchanged from 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 10BN in 6 days TAD in order to remain within the set monetary policy path by the MPC.

Elsewhere, data from the Capital Markets Authority indicates that in 2020 foreign investors sold more than KES.37 billion worth of equity in the country's leading listed companies seeking to mitigate against the declining value of their portfolios as uncertainty around Covid-19 sent jitters through the market, thus increasing local shareholding in these firms.

Indicative Forex Rates

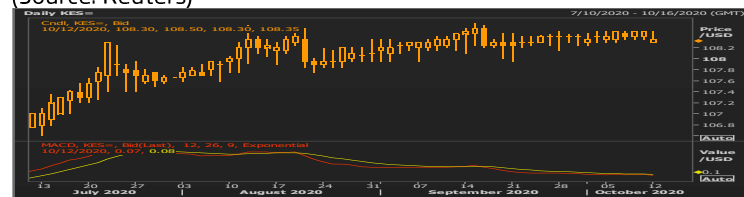
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.50	113.50	107.50	112.50
GBP/KES	146.30	154.30	146.80	153.80
EUR/KES	128.96	135.96	129.46	135.46
AED/KES	28.45	31.45	28.45	31.45

Money Market Rates	Current	Previous	Change
Interbank Rate	5.5311%	5.7192%	0.188
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	0.21500	-0.53343	0.04688
12 months	0.30550	-0.51057	0.08863

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was slightly up in early trade as the disparity between the strength of the U.S. and Europe's pandemic recoveries widened considering that the U.S. has moved towards passing President Joe Biden's \$1.9 trillion stimulus package, while across the Atlantic lockdowns are extended and expectations of a decline in euro zone growth this quarter grow. A rally in global shares and improved risk sentiment, in defiance of the usual inverse relationship between the dollar and stocks also supported the greenback.

Although the dollar's rebound starting from early January is widely seen as a correction to its decline in 2020, the greenback is also benefitting from Euro weakness and profit taking.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.02% to 91.043.

The Pound inched up 0.02% to 1.3660 due largely to optimism that Britain's coronavirus vaccine programmes are further along than those of other major economies. The publication of January PMI results for the UK later in the day will be highly influential for the direction of Pound since services make up a big chunk of Britain's economic activity.

The Euro was little changed at \$1.2040 as Eurozone coronavirus jitters persist. Despite stronger than expected Q4 2020 Gross Domestic Product (GDP) growth rate report, concerns that the Eurozone's economic activity will be even worse in early-2021 continue to weigh on the common currency.

Oil prices climbed to a one-year high and the prospect of more U.S. economic stimulus bolstered risk appetite as new cases of COVID-19 in the United States fell for a third week in a row. Brent rose 0.3% to \$57.62 a barrel.

Source: Reuters

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.1890	1.2180
GBP/USD	1.3510	1.3810
USD/AED	3.6605	3.6865
USD/JPY	103.80	106.80

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.