



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 03RD MARCH 2021

DOMESTIC NEWS

The Kenya shilling was stable on Tuesday as demand for dollars remained low. The local unit continues to receive support from export earnings especially coffee whose income rose by 92% as at the end of February 2021 compared to a similar period in 2020 due to good prices at the NY coffee exchange, high demand for the Kenyan coffee and high volumes of the produce at the auction.

Markets will be looking for cues on the direction of the currency as the first batch of covid-19 vaccines arrived in the country with hopes of economic recovery as pressure from various sectors mounts on the President to ease restrictions amid rising new cases in the country in the last one week.

By close of the day, the local unit stood at 109.70/90, same as the day's opening.

Elsewhere, The International Monetary Fund has raised Kenya's 2021 economic growth forecast from 4.7% to 7.6% after reaching a 3-year \$2.4 billion financing agreement with Kenyan authorities to support the country's covid19 response and to reduce the level of debt relative to the GDP. The IMF program is based on revenue-led fiscal consolidation and strong economic growth. Kenya's 2021 Budget Policy Statement shows that the country plans to issue KES.123.8 billion Eurobond before the end of the fiscal year ending in June 2021, and KES.124.5 billion Eurobond in the coming fiscal year 2021/22.

Indicative Forex Rates

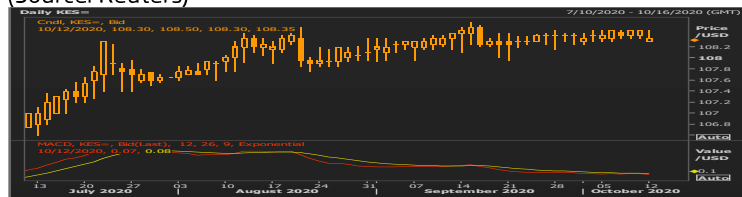
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.30	113.30	107.30	112.30
GBP/KES	149.22	157.22	149.72	156.72
EUR/KES	129.22	136.22	129.72	135.72
AED/KES	27.89	31.89	27.89	31.89

Money Market Rates	Current	Previous	Change
Interbank Rate	4.717%	4.5466%	0.170
91-Day T-bill	6.931%	6.911%	0.020
182-Day T-Bill	7.722%	7.684%	0.038
364-Day T-Bill	9.014%	8.931%	0.083
Inflation	5.780%	5.690%	0.090
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.20300	-0.51329	0.08275
12 months	0.28375	-0.48014	0.14600

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade but remained broadly weaker as Treasury yields continued to fall. The retreat also restored calm to global markets and turned investors towards riskier assets. Bonds have caused volatility in the market as of late, after Treasuries led a dramatic jump in yields globally even as central bankers, led by the U.S. Federal Reserve, called for patience in normalizing monetary policy as global economies continue their recovery from COVID-19. The continued progress on the \$1.9 trillion stimulus package proposed by U.S. President Joe Biden led to hopes for a quick economic recovery from COVID-19. However, the calm in markets could prove short-lived should an improving U.S. economy lead to a second bond selloff.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.03% to 90.817.

The Pound inched up 0.09% to \$1.3965.

The Euro was little changed at \$1.2080 after rising more than 0.3% in the previous session, when it rebounded from an almost one-month low below \$1.2000 even as European Central Bank (ECB) board member Fabio Panetta suggested that the ECB should increase bond purchases or even increase the quota earmarked for them if needed to keep yields down.

Elsewhere, oil prices rose by 0.46% with Brent at \$62.99 per barrel boosted by demand hopes on progress made in U.S. vaccine rollouts, while uncertainty over how much supply OPEC+ will restore to the market at its Thursday meeting and a big build in U.S. crude stocks capped gains.

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	1.1950	1.2250
GBP/USD	1.3810	1.4110
USD/AED	3.6605	3.6865
USD/JPY	105.30	108.30

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.