



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH FEBRUARY 2021

DOMESTIC NEWS

The Kenya shilling strengthened on Wednesday due to dollar inflows from exports as well as players shedding off their long dollar positions to match the available demand from oil and merchandise importers. During the trading session, the local unit touched a low of 110.55 but later retreated.

Private sector activity is increasing after the reopening of schools and more businesses that had been closed to curb the COVID-19 pandemic. However, the tight liquidity being observed in the local money market continue to give a temporary reprieve to the depreciation.

By close of the day, the local unit stood at 109.80/110.00, unchanged from the day's opening.

The analysis by the CBK yesterday showed a square market. The regulator was thus out of the market in order to remain within the set monetary policy path by the MPC.

Elsewhere, Kenyan flower farmers, considered as the world's 4th largest exporter of flowers, are staring at reduced business this year due to reduced airfreight capacity and lockdowns in crucial European markets threatening to hurt Kenyan flower sales during Valentine's season.

Indicative Forex Rates

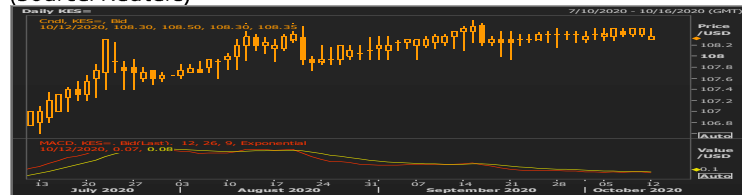
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.40	113.40	107.40	112.40
GBP/KES	145.61	153.61	146.11	153.11
EUR/KES	128.59	135.59	129.09	135.09
AED/KES	28.42	31.42	28.42	31.42

Money Market Rates	Current	Previous	Change
Interbank Rate	5.2924%	5.5311%	0.239
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	0.21713	-0.53729	0.04725
12 months	0.30413	-0.50971	0.09138

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar traded near its strongest in more than two months against the other majors in early trade as pessimism about the U.S. economic outlook faded before the release of important data on the jobs market.

Sentiment for the dollar has improved recently as COVID-19 vaccination programs continue globally, the \$1.9 trillion stimulus package proposed by U.S. President Joe Biden advances through Congress, and economic data that has slowly but surely been improving forcing some bearish investors to retreat from their short positions.

The dollar however faces another test tomorrow with the release of non-farm payrolls data, which will help confirm whether the world's largest economy has shrugged off a dip in growth toward the end of last year.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 91.112.

The British pound held steady at \$1.3600, stabilizing after a 0.2% decline in the previous session, ahead of a Bank of England policy meeting today that will publish findings on the likelihood of negative interest rates and is widely expected to keep both interest rates and quantitative easing steady.

The Euro stood at \$1.2010, close to a nine-week high, even as the EU continues to struggle to secure the promised number of coronavirus vaccine doses, and the uncertainty around vaccine distribution seems set to last. Investors remain anxious about the Eurozone outlook.

Elsewhere, Oil is up 0.14% with Brent at \$58.77 per barrel after the Organization of the Petroleum Exporting Countries and allies, or OPEC+, vowed to continue with a reduced output policy with crude oil stockpiles in the U.S. now at their lowest levels. **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	1.3410	1.3710
USD/AED	3.6605	3.6865
USD/JPY	104.05	106.55

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.