



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling was unchanged on Thursday amid thin demand for the hard currency from oil and merchandise importers. Demand had slowed down ahead of the new year festivities.

By close of day, the local unit stood at 109.10/30 same as day's opening.

The analysis by the CBK on Thursday showed excess liquidity in the market. The regulator was thus in the market to mop KES 5BN in 7 days TAD in order to remain within the set monetary policy path by the MPC.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,750 million (4.76 months of import cover) as at December 31. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Elsewhere, international oil prices reduced during the week on expectations that OPEC and allied producers may cap output at current levels in February even as the coronavirus pandemic keeps worries about first-half demand. Murban oil price (Kenya's benchmark) fell to \$51.23 per barrel on December 30 from \$51.43 per barrel on December 24.

Indicative Forex Rates

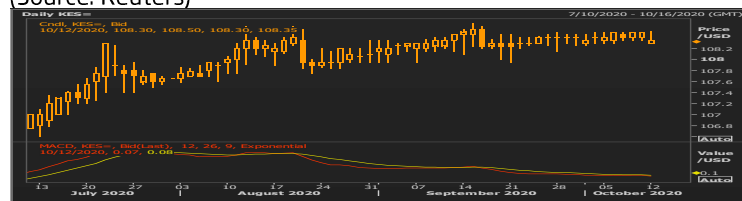
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.70	114.70	106.70	115.70
GBP/KES	145.33	155.33	145.83	156.83
EUR/KES	130.20	139.20	130.70	140.70
AED/KES	27.70	31.76	27.70	31.76

Money Market Rates	Current	Previous	Change
Interbank Rate	6.1882%	6.0464%	0.142
91-Day T-bill	6.906%	6.929%	0.023
182-Day T-Bill	7.400%	7.403%	0.003
364-Day T-Bill	8.348%	8.338%	0.010
Inflation	5.620%	5.330%	0.290
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.25763	-0.72460	0.02988
12 months	0.34180	-0.61040	0.08425

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade, with investors continuing to put pressure on the safe-haven asset on the first trading day of 2021. Expectations that U.S. interest rates will remain low and hopes for an eventual global economic recovery from COVID-19 will likely continue to slow the greenback.

Across the Atlantic, all eyes are on tomorrow's runoff vote in the U.S. state of Georgia, which will determine which party controls the Senate and how successfully President-elect Joe Biden can implement his agenda.

If a Democrat candidate wins, the dollar could be further weakened by the expected higher stimulus spending pushed by their party and the improved market sentiment.

The Federal Reserve is due to release the minutes from its December meeting on Wednesday and markets will be looking for cues on policy guidance and the chance of a further increase in asset buying.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies was down 0.25% to 89.677.

The Pound inched up 0.09% to \$1.3680 even as the number of COVID-19 cases continues to increase and U.K Prime Minister Boris Johnson warned on Sunday that tougher restrictions were likely on the way to curb the surge.

Sentiments were also driven by the exit of the United Kingdom from the European union.

The Yen was down 0.13% to \$103.05 on media reports that a state of emergency is being considered for Tokyo and could be declared within the week due to the high record levels of infections even as markets pay close attention to Prime Minister Yoshihide Suga's news conference today to mark the start of 2021.

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	1.2110	1.2480
GBP/USD	1.3455	1.3815
USD/AED	3.6615	3.6880
USD/JPY	102.05	104.85

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.