



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH JANUARY 2021

DOMESTIC NEWS

2021 started right where 2020 left off! The Kenya shilling was little changed as demand for the hard currency from oil and merchandise importers was equally matched with supply. Trading was thin as markets looked for cues for the new year amid the hustle and bustle of back to school following the over nine months break. Mild volatility, though, is very common on the first trading day of the year.

By close of day, the local unit stood at 109.20/40 compared to the day's opening of 109.15/35.

The analysis by the CBK on Monday showed excess liquidity in the market. The regulator was thus in the market to mop KES 30BN in 7 days TAD in order to remain within the set monetary policy path by the MPC.

The Kenyan government has instituted various measures to cushion the shilling after they agreed to a USD 2.3 Billion credit drawdown facility with the IMF, targeting an initial disbursement of about USD 725.0 Million in this fiscal year

Elsewhere, Kenya will from January 21st start repaying the \$1.482 Billion (KES 162Billion) Chinese loan by Exim Bank of China that was tapped in December 2015 to build the Nairobi-Naivasha standard gauge railway line in 30 semi-annual payments for the next 14 years, after a five-year grace period, at 3% above Libor.

Indicative Forex Rates

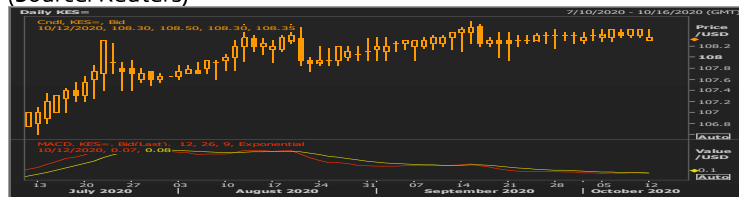
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.75	114.75	106.75	115.75
GBP/KES	144.48	154.48	144.98	155.98
EUR/KES	130.56	139.56	131.06	141.06
AED/KES	27.71	31.77	27.71	31.77

Money Market Rates	Current	Previous	Change
Interbank Rate	6.3676%	6.1882%	0.179
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	0.34188	-0.61040	0.08425

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar found support after U.S. stocks retreated from record highs at the start of the new year with investors turning to safe-haven assets as the number of COVID-19 cases and uncertainty about a U.S. runoff election in Georgia mount.

Voting for the election in Georgia begins later in the day and will be closely watched. Two Senate seats, and control of the chamber, is up for grabs in the election. The election will also determine the ease with which President-elect Joe Biden's agenda, including rewriting the tax code, boosting stimulus and infrastructure spending, will be implemented.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.04% to 89.812

The Euro was steady at \$1.2250 after reaching \$1.2310 on Monday for the first time since April 2018, on optimism that the Eurozone weathers the coronavirus pandemic, despite news that Germany is extending its lockdown until the 31st of January.

The Pound fell sharply to \$1.3570 after the U.K. Prime Minister Boris Johnson on Monday ordered a new, tougher national lockdown until mid-February to contain a surge of COVID-10 cases that are threatening to overrun hospitals across the country despite the manufacturing PMI coming in even higher than projected at 57.5 in December 2020, its best level of expansion in three years an indication that Britain's manufacturing sector was weathering the coronavirus pandemic much better than it had been towards the beginning of the pandemic.

Investors had been buying the Pound since the UK and EU agreed a post-Brexit trade deal at the last minute.

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	1.2110	1.2480
GBP/USD	1.3455	1.3815
USD/AED	3.6615	3.6880
USD/JPY	101.90	104.15

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.