



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 06TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling weakened on increased demand for the hard currency from oil and merchandise importers as corporates re-open from the festivities and equally hurt by tight liquidity in the local money markets.

Markets are projecting further slumps in the short-term on increasing demand for the greenback as foreign exchange inflows remain shaky amid a massive dip in foreign reserves due to external debt serving obligations.

By close of day, the local unit stood at 109.30/50 compared to the day's opening of 109.20/40.

The analysis by the CBK on Tuesday 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, the International Monetary Fund (IMF) has warned that Kenya risks losing access to cheap Eurobonds due to its debt pile-up citing investor concerns over possible defaults or deferment of repayments with indications that the country is likely to breach the threshold over the next decade.

Indicative Forex Rates

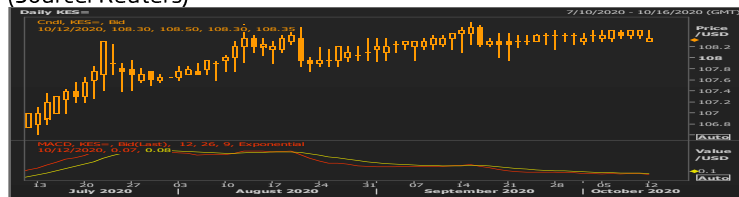
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 105.90 | 114.90 | 106.90 | 115.90 |
| GBP/KES | 144.93 | 154.93 | 145.43 | 156.43 |
| EUR/KES | 131.08 | 140.08 | 131.58 | 141.58 |
| AED/KES | 27.75 | 31.81 | 27.75 | 31.81 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 6.2626% | 6.3676% | 0.105 |
| 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 was up in early trade with markets leaning towards a Democratic win in crucial U.S. Senate runoff contest in the state of Georgia as Treasury yields hit 10-month highs of 0.99% on expectations of more debt-funded spending on COVID-stimulus, infrastructure and renewable energy. Results are due later in the day, but razor-thin margins could see a delay.

Democrats will control both houses of Congress if they win both Georgia Senate seats.

Bets against the dollar have become crowded as investors wager that low U.S. interest rates and a big trade deficit can keep it heading lower for some time yet.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.15% to 89.547

The Pound edged down 0.12% to \$1.3610 signaling a bumpy ride for the British Pound as tighter lockdown measures instituted to combat the COVID-19 pandemic are expected to offset Brexit deal optimism that propelled the currency above \$1.37 on Monday.

The Euro also saw a high of \$1.2328, its strongest since April 2018, earlier in the session but slipped back to \$1.2295 as results from the Georgia election flow in.

Meanwhile, Chinese authorities have shut sections of highways running through Hebei province, which surrounds Beijing, and banned gatherings in the province's capital in the latest efforts to stave off another coronavirus wave.

Elsewhere, Saudi Arabia surprised markets on Tuesday by announcing voluntary oil output cuts of 1 million barrels per day in February and March after a meeting with the OPEC+ reflecting expectations for demand weakness in the wake of new coronavirus lockdown restrictions around the world pushing Brent prices as much as 0.6% to \$53.94 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 | GBP/USD | USD/AED | USD/JPY |
| | 1.2150 | 1.3495 | 3.6605 | 101.35 |
| | | | | 104.15 |

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