



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling weakened slightly on increased demand for the hard currency from oil and merchandise importers amid shrinking supply from exporters especially horticulture earnings following a return of lockdowns in Europe.

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 109.40/60 compared to the day's opening of 109.35/55.

The analysis by the CBK on Wednesday showed excess liquidity in the market. The regulator was thus in the market to mop KES 30BN in 5 days TAD in order to remain within the set monetary policy path by the MPC.

Elsewhere, the government's cost of borrowing from the domestic market is likely to go up this month due to pressure to refinance maturing debt estimated at KES 159 billion excluding interest payments, triple the payments done last month of KES 67.4 billion amid shortfall in revenue collection.

Indicative Forex Rates

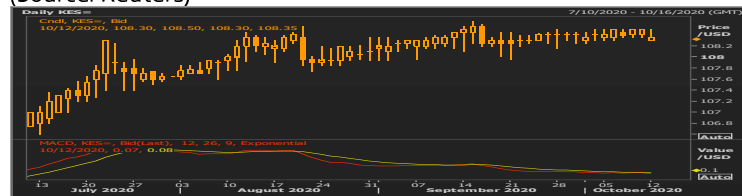
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.95	114.95	106.95	115.95
GBP/KES	144.74	154.74	145.24	156.24
EUR/KES	131.27	140.27	131.77	141.77
AED/KES	27.77	31.83	27.77	31.83

Money Market Rates	Current	Previous	Change
Interbank Rate	6.1235%	6.2626%	0.139
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	0.25388	-0.72580	0.03038
12 months	0.32975	-0.61140	0.07338

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down hovering near its lowest level in nearly three years as Democrats Jon Ossoff and Raphael Warnock clinched both U.S. Senate seats on offer in Georgia's runoff elections clearing the way for President-elect Joe Biden to push through his legislative agenda, including more stimulus measures, when his administration takes office on Jan. 20. A Democrat-controlled Senate is considered a net positive for economic growth globally and for most risk assets. However, it is negative for bonds and the dollar as the U.S. budget and trade deficits could widen further.

Lawmakers resumed their meeting to certify Biden's win in the Nov. 3 elections, which were interrupted by supporters of President Donald Trump who stormed Capitol Hill to protest the certification, with currency markets largely unperturbed by the scenes of chaos.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged down 0.12% to 89.392. The Euro rose by 0.3% to \$1.2310 with the Eurozone being perceived as weathering the coronavirus pandemic better than other major economies.

The Yen inched up 0.07% to \$103.15 as a state of emergency for Tokyo and the neighboring Saitama, Kanagawa and Chiba regions is due to be declared in Japan later in the day.

The Pound was steady at \$1.3580, remaining below the almost three-year high of \$1.3703 seen on Monday. Elsewhere, Oil rose for a third day with Brent at \$54.38 a barrel as a bigger-than-expected drop in U.S. crude stockpiles and Saudi Arabia's pledge to cut output overshadowed a rampant virus and violent protests in Washington.

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	1.2180	1.2480
GBP/USD	1.3415	1.3715
USD/AED	3.6610	3.6840
USD/JPY	101.80	104.80

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