



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 08TH JANUARY 2021

### DOMESTIC NEWS

The Kenya shilling weakened slightly on Thursday due to increased demand for the hard currency from energy and general merchandise importers amid shrinking supply from exporters and diaspora remittances.

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 109.45/65 compared to the day's opening of 109.40/60.

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 4 days TAD in order to remain within the set monetary policy path by the MPC.

Elsewhere, the World Bank predicts that Kenya's economy will expand by 6.9% in 2021, the fastest growth rate in Africa, and a more ambitious prediction than the government's estimate of 6.4% economic growth in 2021 buoyed by public health interventions and support to the private sector likely to spur strong economic growth in the country.

#### Indicative Forex Rates

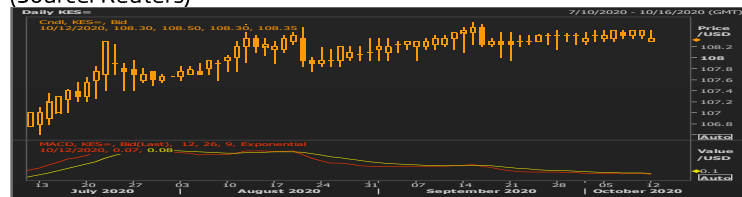
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.05	115.05	107.05	116.05
GBP/KES	144.57	154.57	145.07	156.07
EUR/KES	130.84	139.84	131.34	141.34
AED/KES	27.80	31.85	27.80	31.85

Money Market Rates	Current	Previous	Change
Interbank Rate	6.0893%	6.1235%	0.034
91-Day T-bill	6.895%	6.906%	0.011
182-Day T-Bill	7.479%	7.400%	0.079
364-Day T-Bill	8.363%	8.348%	0.015
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	0.25238	-0.72780	0.03125
12 months	0.33238	-0.61060	0.07575

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar was up on Friday morning in Asia, holding onto the biggest gains in over two months as a rise in U.S. Treasury yields to 1% on Wednesday, for the first time since March 2020, led to some unwinding of bearish bets on the U.S. currency. The market avoided big moves as investors finish the week.

Democrats won effective control of the Senate this week, giving President-elect Joe Biden scope to push through more spending, which analysts say will be negative for bonds and the dollar

On the data front, the U.S. will release employment data today, including non-farm payrolls which is expected to give investors clues to the need for more stimulus measures to keep the economic recovery going.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.14% to 89.907 as investors took profits against the Euro particularly over expectations of U.S. stimulus measures.

The Euro is at \$1.2260 following a 0.5% drop seen on Thursday as an unexpected improvement in the latest US initial jobless claims figures which brought hopes of a stabilization within the US labour market.

The Pound fell by 0.5% to trade at \$1.3560 despite concerns over growing American Covid-19 cases dampening risk sentiment for the greenback as well as reports that UK Covid-19 cases are continuing to rise.

Elsewhere, the Yen inched up 0.08% to \$103.85, with Japan's greater Tokyo area entering a state of emergency. Prime Minister Yoshihide Suga said that the government would liaise with other prefectures to see whether the state of emergency should be extended, with the Osaka and Aichi governors expected to request that the two areas be added to the emergency declaration. **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
EUR/USD	1.2110	1.2410		
GBP/USD	1.3380	1.3715		
USD/AED	3.6610	3.6840		
USD/JPY	102.10	105.10		

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.