



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH MARCH 2021

DOMESTIC NEWS

The Kenyan shilling was stable against the dollar on Monday, mainly due to subdued demand for hard currency in the face of healthy supplies from remittances and horticulture exports.

By close of the day, the local unit stood at 109.55/75, same as the day's opening.

Markets are looking for cues amid conflicting indicators such as the unexpected spike in covid-19 infection cases in the country with the arrival of the vaccines last week, diminishing forex reserves at the apex bank and the effects of Kenya's sovereign credit downgrade by global ratings company, Standard and Poor.

They noted that the COVID-19 pandemic will continue to exert pressure on global credit conditions this year saying that further waves of COVID-19 cases will require new containment measures, could hit weak economies, and cause further credit deterioration.

Political uncertainty due to election fever that has set in rather early in the Building Bridges Initiative (BBI) referendum campaigns as well as the various by-elections and the 2022 general elections continue to pose a challenge to economic growth and recovery.

Indicative Forex Rates

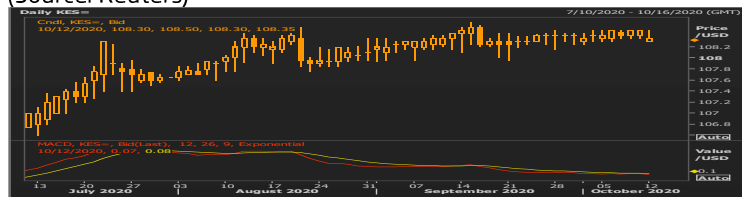
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.15	113.15	106.65	112.65
GBP/KES	147.77	155.77	148.27	155.27
EUR/KES	126.50	133.50	127.00	133.00
AED/KES	28.35	31.35	28.35	31.85

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9586%	5.0861%	0.128
91-Day T-bill	7.024%	6.931%	0.093
182-Day T-Bill	7.765%	7.722%	0.043
364-Day T-Bill	9.071%	9.014%	0.057
Inflation	5.780%	5.690%	0.090
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.19588	-0.51957	0.09438
12 months	0.27775	-0.48914	0.15238

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down against its rivals in early trade but near a 3 1/2-month high as higher bond yields and expectations of faster economic recovery from the pandemic in the United States put the U.S. currency at an advantage.

All eyes will now be on the U.S. Federal Reserve's two-day meeting next week, although expectations are low that the central bank will announce major policy changes after Chair Jerome Powell last week did not express concern about the rise in bond yields.

Higher U.S. yields have started to undermine emerging market currencies, which had attracted funds escaping rock-bottom bond returns in the United States.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies rose 0.1% to 92.469, its highest since late November, as upbeat macroeconomic data, combined with a loose monetary policy, has lifted bond yields and pressured richly valued U.S. technology stocks.

Euro was nearly flat at \$1.1855, ahead of the European Central Bank handing down its policy decision on Thursday. Markets are becoming increasingly cautious about the outlook for the Eurozone's economy, as the largest economy in the bloc will be under lockdown restrictions until late this month, and potentially running for longer.

British pound inched up 0.1% to \$1.3835 due to a promising outlook for the UK economy now that the Government has forwarded a lockdown exit plan that promises to be both cautious and 'irreversible'.

Elsewhere, Oil prices rose 0.74% with Brent at 68.50 per barrel, falling below the \$70 mark after jumping past it on yesterday, on expectations of a recovery in the global economy after U.S. Senate approval of a \$1.9 trillion stimulus bill and on a likely drawdown in crude oil inventory in the United States.

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	1.1710	1.2010
GBP/USD	1.3700	1.4000
USD/AED	3.6605	3.6865
USD/JPY	108.00	111.00

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.