



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

## TREASURY MARKET UPDATE 10TH DECEMBER 2020

### DOMESTIC NEWS

The Kenya shilling mark timed on Wednesday on market expectations that demand for hard currency will taper off towards the holiday season. The Central Bank of Kenya was also in the market to mop up KES. 25B in 5 days TAD in order to keep a lid on shilling volatility as it weakens against the dollar.

By close of day, the local unit stood at 111.40/60 compared to Tuesdays close of 111.35/55.

Markets await results for the recently closed 15year government bond for KES 40 billion at a time when liquidity remains relatively tight despite demand for bonds remaining healthy this year partly due to the scarcity of alternative investment opportunities in other asset classes, especially equities which have been on the backfoot.

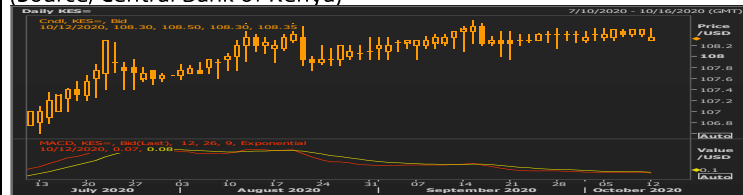
Elsewhere, Fitch Ratings, a leading provider of credit ratings, has said Kenya will find it challenging to stabilize its current debt levels with the 2022 general elections looming on the horizon presenting difficulties associated with reining in the deficit. Simultaneously, the debate around the Building Bridges Initiative and its proposed constitutional changes will weaken the public finance reforms.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.95	116.95	108.95	117.95
GBP/KES	144.95	154.95	145.45	156.45
EUR/KES	131.32	140.32	131.82	141.82
AED/KES	28.84	33.84	28.84	35.84

Money Market Rates	Current	Previous	Change
Interbank Rate	3.927%	3.888%	0.039
91-Day T-bill	6.861%	6.730%	0.131
182-Day T-Bill	7.333%	7.193%	0.140
364-Day T-Bill	8.204%	8.151%	0.053
Inflation	5.460%	4.840%	0.620
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The dollar was up in early trade, as doubts begin to mount on whether the Republicans and Democrats can reach a consensus over the latest stimulus measures in order to avert a government shutdown as the Dec 11 deadline nears.

The Federal Reserve and the European Central Bank (ECB) will convene for their last policy meetings of 2020 later in the day.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.05% to 91.075 just above the two-and-a-half-year low of 90.471 seen last Friday.

The Pound was down 0.24% to \$1.3364, after U.K. Prime Minister Boris Johnson and European Commission President Ursula von der Leyen agreed they have until Sunday to take a "firm decision" about the future of trade talks during their meeting but maintained they remain "far apart" on the trade deal.

The Euro fell to \$1.2082 as markets anticipate an expanded Pandemic Emergency Purchase Program and more subsidized long-term loans for banks to support the COVID-19-stricken EU economy.

Elsewhere, Crude oil was up 0.53% to \$49.12 with the U.K.'s rollout of a COVID-19 vaccine and the imminent arrival of the same vaccine in the U.S. spurring hopes of a recovery in fuel demand.

**Source: Reuters**

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.25%	1.50%
3 Months	6.50%	1.75%
6 Months	6.75%	2.00%
1 year	7.00%	2.05%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1950	1.2270
GBP/USD	1.3260	1.3590
USD/AED	3.6675	3.6775
USD/JPY	103.30	107.70

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