



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH FEBRUARY 2021

DOMESTIC NEWS

The Kenya shilling strengthened on Wednesday amid muted demand from importers as dollar inflows from exports especially tea trickled in as well as players selling off their long positions. There had been a slowdown in foreign currency inflows from sectors such as tourism and horticulture due to lockdowns in major economies as they fight the ravaging covid-19 pandemic as well as continued uncertainty globally making people prefer holding hard currencies.

Markets now believe that the pandemic has been contained but remain worried about the possible effects of the current rising political temperatures which could rally the shilling.

By close of the day, the local unit stood at 109.35/55, compared to the day's opening of 109.45/65.

The Treasury, through the fiscal agent Central Bank of Kenya has opened a tap sale on the undersubscribed dual tranche February bond issues seeking to raise an additional KES 18 billion amid a saturation of bonds with similar tenors in the market.

Elsewhere, a report by Mergermarket has ranked Kenya among Africa's most sought-after countries for mergers and acquisitions(M&A) transactions with the value increasing by 52% year-on-year to USD722 million. However, the country's post-pandemic economy will take some time to reach previous levels.

Indicative Forex Rates

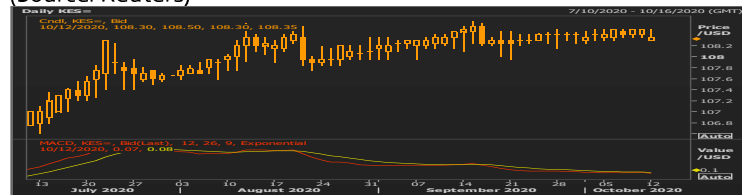
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.95	112.95	106.95	111.95
GBP/KES	147.55	155.55	148.05	155.05
EUR/KES	129.24	136.24	129.74	135.74
AED/KES	27.77	31.83	27.77	31.83

Money Market Rates	Current	Previous	Change
Interbank Rate	4.5651%	4.8749%	0.309
91-Day T-bill	6.873%	6.897%	0.024
182-Day T-Bill	7.594%	7.578%	0.016
364-Day T-Bill	8.716%	8.623%	0.093
Inflation	5.690%	5.620%	0.070
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.20800	-0.54057	0.06863
12 months	0.30563	-0.49929	0.12238

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade but continued to hover near two-week lows as weaker-than-expected U.S. inflation and a promise from the Federal Reserve to keep interest rates low continued to raise investor expectations of meagre returns from the U.S. currency. The greenback is also suffering from growing expectations for the \$1.9 trillion Covid-19 stimulus plan.

Fed Chairman Jerome Powell noted that unemployment was still high, and re-iterated that the central bank's new policy framework could accommodate annual inflation above 2% for some time before hiking rates.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 90.415.

The Pound got a 0.05% boost to \$1.3845 supported by diminishing expectations for negative interest rates in the U.K. and climbed towards a nearly three-year high. Cable remains appealing amid market hopes over Britain's coronavirus vaccine rollout compared to those in other major economies. However, receipts are expected to ease in the current financial year as unregulated access to the European Union ends in March.

The single currency rose to \$1.2125 despite French Industrial Output falling below consensus in December by -0.8% and investors are confident about recent vaccine news after AstraZeneca and Germany's IDT Biologika combined a vaccine production push.

Elsewhere, Oil prices fell 0.7% in early trade with Brent at \$61.07, giving up some of the recent strong gains on profit-taking and speculation that the market's strength could tempt producers like Saudi Arabia open their taps a bit more.

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	1.1990	1.2290
GBP/USD	1.3705	1.3995
USD/AED	3.6605	3.6865
USD/JPY	103.00	106.00

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