

TREASURY MARKET UPDATE 11TH MARCH 2021

DOMESTIC NEWS

The Kenya shilling was stable against the dollar on Wednesday amid slow activity and matching supply and demand for the hard currency.

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

Markets expect the central bank's reserves to be boosted once the \$2.4 billion loan from the International Monetary Fund for budgetary support is disbursed to provide sufficient buffer against depreciation. The 38-month credit facility will be spent on the second phase of Kenya's Covid-19 response to fill budgetary deficits as the country weathers the coronavirus economic hardships.

The ongoing vaccination exercise is hoped to help revive the battered tourism-dependent economy and regain the country's second largest forex earnings.

Elsewhere, Kenya and UK have welcomed Parliament's endorsement of the Economic Partnership Agreement (EPA) between the two countries, setting the stage for duty and quota-free market access between the two countries. Trade between the two countries is worth KES 200 billion annually.

Indicative Forex Rates

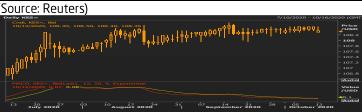
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.15	113.15	106.65	112.65
GBP/KES	148.82	156.82	149.32	156.32
EUR/KES	127.27	134.27	127.77	133.77
AED/KES	27.85	31.85	27.85	31.85

Money Market Rates	Current	Previous	Change	
Interbank Rate	5.0822%	4.8609%	0.221	
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	0.18950	-0.52486	0.09563
12 months	0.27963	-0.49057	0.15400
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(Source: Reuters)

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INTERNATIONAL NEWS

The dollar inched up in early trade, reversing some losses stemming from trimmed rapid inflation acceleration bets over U.S. consumer price rise and a drop in Treasury yields. However, dollar sentiment remained positive thanks to signs of the U.S. economic recovery from COVID-19.

Meanwhile, the U.S. House of Representatives gave final approval to one of the largest economic stimulus measures in American history, a massive \$1.9 trillion COVID-19 stimulus package, with some investors hoping that any further declines in the dollar are likely temporary.

President Joe Biden is expected to sign the bill into law before current enhanced federal unemployment benefits expire on Sunday.

Markets are also keeping an eye on U.S. Treasury yields, which are climbing steadily over expectations that the Federal Reserve's loose monetary policy and massive fiscal stimulus could drive inflation up.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 91.787.

Euro went up to \$1.1925 and remains in focus as the European Central Bank (ECB) hands down its policy decision later in the day. Investors will look out for the central bank's take on preventing bond yields from rising further and harming the bloc's economic outlook, with ECB avoiding large-scale market intervention so far.

The Pound was up at \$1.3940 as markets monitor the nation's Covid-19 situation.

Crude oil prices rose 0.8% with Brent at \$68.45 per barrel as vaccine rollouts bolstered the economic outlook and U.S. fuel stocks fell sharply, although gains were capped by a surge in crude oil inventories after last month's Texas storm.

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	1.1800	1.2055		
GBP/USD	1.3810	1.4070		
USD/AED	3.6605	3.6865		
USD/JPY	107.20	110.20		

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