



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

## TREASURY MARKET UPDATE 12TH MARCH 2021

### DOMESTIC NEWS

The Kenya shilling was stable on Thursday, mainly due to lack of robust demand for dollars from importers as the economy continues to grapple with the impact of the COVID-19 pandemic which has also battered Kenya's tax revenues at a time when more of its debts are falling due and as it is still grappling with gaping fiscal deficits. By close of the day, the local unit stood at 109.55/75, same as the day's opening.

Following the successful signing of the Kenya/UK trade deal, the government has also begun negotiating with the US for free trade deals, developments that are being keenly followed by markets. Debt obligations are set to bump up from July after the Debt Service Suspension Initiative (DSSI) relief by the Paris club of International creditors expires but the government will not seek to restructure the debts because of fears that it would curtail its ability to raise funds from global capital markets.

Elsewhere, Kenya has lifted the ban on imports of Ugandan and Tanzanian maize with strict conditions on exporters as the country seeks to curb shipping in of the cancer-causing aflatoxin on the imported crop. It was reported that the move by Nairobi violated the East African Community (EAC) treaty.

### Indicative Forex Rates

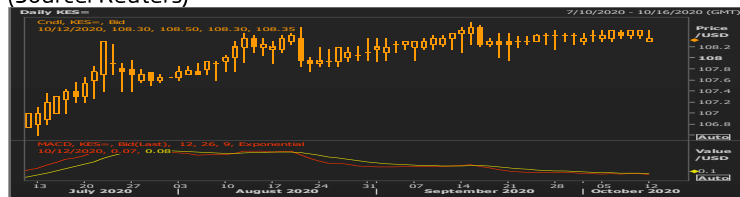
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.15	113.15	106.65	112.65
GBP/KES	149.20	157.20	149.70	156.70
EUR/KES	127.68	134.68	128.18	134.18
AED/KES	27.85	31.85	27.85	31.85

Money Market Rates	Current	Previous	Change
Interbank Rate	5.0258%	5.0822%	0.056
91-Day T-bill	7.024%	7.024%	0.000
182-Day T-Bill	7.832%	7.765%	0.067
364-Day T-Bill	9.144%	9.071%	0.073
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	0.19363	-0.52357	0.09563
12 months	0.27863	-0.48871	0.15400

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar was up in early trade but remained near a one-week low as calmer bond markets boosted investor sentiment and risk appetite overall.

Markets cheered as U.S. President Joe Biden signed a \$1.9 trillion stimulus package into law, ahead of schedule. Core consumer prices data also eased fears that massive fiscal stimulus and continuous ultra-easy monetary policy could lead to runaway inflation.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.15% to 91.555 following ten-year Treasury yields that rose from below 1% to as high as 1.625% at the end of the previous week.

The Euro also held firm at \$1.1960 after the European Central Bank pledged to accelerate money-printing to keep yields down and left rates unchanged at 0.00% as it handed down its policy address. ECB President Christine Lagarde noted that the ongoing vaccination campaigns, together with the gradual relaxation of containment measures underpin the expectation of a firm rebound in economic activity in the course of 2021.

The Pound made slim gains at \$1.3970 as investors remained focused on hopes that Britain's relatively successful COVID-19 vaccine programme would support its economic recovery. Plans to loosen lockdown measures as well as dwindling expectations that the Bank of England would push interest rates below zero continue to support the Pound.

Elsewhere, Brent prices eased but hovered near \$70 a barrel as production cuts by major oil producers constrained supply, with optimism about a recovery in demand for the resource in the second half of the year also lending support.

### 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	1.2100
GBP/USD	1.3830	1.4130
USD/AED	3.6605	3.6865
USD/JPY	107.35	110.35

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