



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH JANUARY 2021

DOMESTIC NEWS

The USD/KES currency pair closed the day higher, taking a stride towards the upper band of its recent trading range. The domestic unit gave in its gains on account of increased dollar appetite from corporates and interbank players, which overwhelmed the erratic foreign currency inflows, leaving the home unit exposed on the downside. By close of day, the local unit stood at 109.60/109.80 as compared to Monday's close of 109.45/109.65.

In other news, Kenya received a debt payment relief from Paris Club creditors that will see the country delay due loans worth \$802 million to the end of June. In a statement, the creditors said they accepted Kenya's request but gave a time-bound suspension that runs from January 1 to June 30. The lenders said that in the application of the term sheet of the Debt service suspension Initiative and its addendum also endorsed by the G20, it recognized that Kenya is eligible to benefit from the initiative. The debt suspension, however, comes with tough rules that could easily see Kenya kicked out of the international financial system in case of default. Meanwhile, the monetary authority was in the market for the 6-day Tad in a bid to mop KES 5 billion at a weighted average rate of 4.943%.

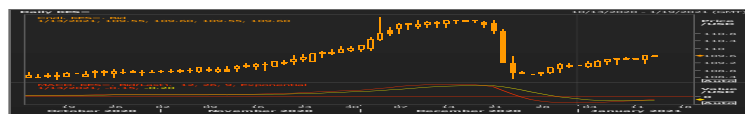
Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.20	115.20	107.20	116.20
GBP/KES	146.10	156.10	146.55	158.55
EUR/KES	130.45	139.45	130.95	141.95
AED/KES	27.84	31.90	27.84	31.90

Money Market Rates	Current	Previous	Change
Interbank Rate	5.299%	5.527%	-0.228
91-Day T-bill	6.895%	6.906%	-0.011
182-Day T-Bill	7.479%	7.400%	0.079
364-Day T-Bill	8.363%	8.348%	0.015
Inflation	5.620%	5.330%	0.290
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)

Libor Rates	USD	GBP	EUR
6 months	0.24650	0.0275	-0.5360
12 months	0.32963	0.0701	-0.4948



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slumped on Tuesday to 89.940, with a retreat in U.S. Treasury yields sapping momentum from the U.S. currency's recent rally and investors cautiously resumed bets on a continuous slide for the dollar. Market players expect to usher in huge sums in government borrowing to fund big-spending stimulus plans and have figured that higher U.S. rates might make dollars more attractive. However, strong demand at a \$38 billion 10-year auction overnight and comments from U.S. Federal Reserve officials reiterating that monetary policy is going to stay supportive seem to have once more turned the blowtorch on the greenback.

The GBP/USD pair edged up to \$1.3681 on Tuesday. Bank of England governor Andrew Bailey played down the notion of negative interest rates to boost growth, saying that "there are a lot of issues" with them during his online speech to the Scottish Chambers of Commerce on Tuesday.

The euro gained on Tuesday to \$1.2211 with the US Treasury yields losing altitude and causing a broad-based decline in the US dollar. However, today focus will be on President Christine Lagarde's speech and the Eurozone Industrial Production data.

The Japanese Yen remains on the back foot around 103.63 during the initial hour of Wednesday's Tokyo open amid chatters over worsening of the coronavirus conditions in Japan.

Elsewhere, global oil prices rose on Wednesday to \$57.05 per barrel, with U.S. crude advancing, after an industry report showed a further drop in inventories as investors shrugged off worsening developments in the pandemic.

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	1.2120	1.2390
GBP/USD	1.3550	1.3780
USD/AED	3.6675	3.6775
USD/JPY	103.10	107.70

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