



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

## TREASURY MARKET UPDATE 14TH DECEMBER 2020

### DOMESTIC NEWS

The Kenya shilling held steady against the dollar on Friday as demand for hard currency was equally matched with demand. The shilling is expected to remain stable in the during the week due to low dollar demand as companies close ahead of the festive season.

CBK analysis on Friday showed a square market and thus the regulator stayed out of the market in order to remain within the set monetary policy path by the MPC.

By close of day, the local unit stood at 111.45/111.65 as compared to the day's opening of 111.40/111.60.

Elsewhere, The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,849 million (4.82 months of import cover) as at December 10. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

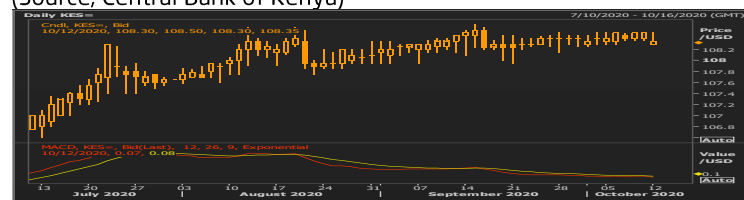
International oil prices increased during the week on account of strengthening global demand. Murban oil price (Kenya's benchmark) increased to USD 49.32 per barrel on December 10 from USD 48.50 per barrel on December 03.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.05	117.05	109.05	118.05
GBP/KES	144.56	154.56	145.06	156.06
EUR/KES	131.87	140.87	132.37	142.37
AED/KES	28.87	33.87	28.87	35.87

Money Market Rates	Current	Previous	Change
Interbank Rate	4.5205%	4.2463%	0.274
91-Day T-bill	6.901%	6.861%	0.040
182-Day T-Bill	7.363%	7.333%	0.030
364-Day T-Bill	8.246%	8.204%	0.042
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 down in early trade, ahead of a U.S. Federal Reserve meeting ending Wednesday where policymakers are expected to increase purchases of longer-dated Treasuries to contain a rise in yields.

Investors have also sold the dollar on expectations of a global recovery, lifted by positive coronavirus vaccine news as well as expectations that U.S. interest rates will remain low for an extended period.

The U.S. dollar index that tracks the greenback against a basket of other currencies edged down 0.17% to 90.773 close to a 2 1/2-year low.

The Euro edged up 0.2% to \$1.2145 after the French Central Bank said the economy will rebound next year as coronavirus restrictions are lifted although not as fast as previously expected even as Germany enters a lockdown from Wednesday that will see the closure of non-essential stores as coronavirus cases surge during the winter period.

The British Pound rose by 0.7% to \$1.3395 on hopes that Britain and the European Union will secure a free trade agreement after their decision to extend negotiations beyond the Sunday deadline amid growing risk that trade and business will be thrown into chaos without an agreement.

Elsewhere, Oil prices rose, pushing Brent prices by 0.8% to \$50.35 a barrel, buoyed by hopes that a rollout of coronavirus vaccines will lift global fuel demand while a tanker explosion in Saudi Arabia jangled nerves in the market.

### 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	1.1950	1.2270
GBP/USD	1.3260	1.3590
USD/AED	3.6675	3.6785
USD/JPY	103.30	107.70

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