



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH JANUARY 2021

DOMESTIC NEWS

The shilling waffled to the weaker side in its midweek session as demand for the greenback dominated the trading session. The local currency struggled throughout the session to find its footing on the back of mounting demand for the buck by importers, amid waning foreign currency inflows, leaving lower by the closing bell. By close of day, the local unit stood at 109.90/110.10 as compared to Tuesday's close of 109.60/109.80.

In other news, Kenyans working in the US, Europe, and other parts of the world sent home record amounts of money in 2020 contrary to analysts' expectations of a drop in diaspora remittances. Foreign remittances climbed to a record high of \$2.8 billion in the first 11 months of 2020, compared to \$2.55 billion sent in the same period in 2019, a 10% jump. In April last year, World Bank predicted that remittances to African nations such as Kenya would fall drastically due to a surge in unemployment rates in the US and other European nations. Kenya's foreign exchange reserves, which heavily rely on diaspora remittances, fell by 11% in 2020 to \$7.75 billion at the end of December 2020, from \$8.758 billion in the first week of January. The forex reserves are useful in supporting the economy in times of crisis, repaying foreign debt, and propping up a depreciating currency.

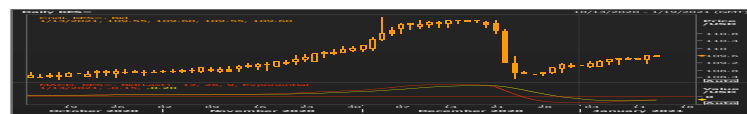
Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.50	115.50	107.50	116.50
GBP/KES	145.95	155.95	146.50	157.50
EUR/KES	130.10	139.10	130.70	140.70
AED/KES	27.90	31.95	27.90	31.95

Money Market Rates	Current	Previous	Change
Interbank Rate	4.795%	5.299%	-0.504
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	0.2476	0.0275	-0.5362
12 months	0.3596	0.0701	-0.4914



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged up on Wednesday to 90.373, as investors await U.S. President-elect Joe Biden's plans for further stimulus measures. Biden is scheduled to unveil plans for "trillions" of dollars in further COVID-19 stimulus measures. Investor expectancy is that the measures will lead to faster economic recovery lifted U.S. Treasury yields, in turn giving the greenback a boost. Meanwhile, the House of Representatives voted 232-197 to impeach incumbent President Donald Trump on the charge of inciting his supporters to the Capitol Hill riot.

The GBP/USD pair inched up to \$1.3615 on Wednesday as ramping up of the vaccinations and stricter restrictions on international arrivals in the UK to curb the virus spread is likely to keep the sentiment around the pound underpinned. Boris Johnson said tougher restrictions brought in last week were starting to have an effect on the spread of COVID in some parts of the country.

The euro slumped to \$1.2150 as it ran into offers on Tuesday after Italy's former Prime Minister Matteo Renzi said he is pulling his party's ministers from the ruling coalition.

The Japanese Yen remains locked in a narrow range of 103.75 to 104.00 during the initial hour of Thursday's Tokyo open, with the Bank of Japan Governor Kuroda offering mixed views on the Japanese economy.

Elsewhere, global oil prices dipped on Thursday to \$56.01 per barrel as mounting coronavirus cases globally raised demand concerns, although a drawdown in U.S. crude stocks for a fifth straight week capped losses.

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	1.2050	1.2290
GBP/USD	1.3450	1.3760
USD/AED	3.6675	3.6775
USD/JPY	103.30	107.40

For more details, contact our Treasury staff Jackline, Loryne, Benson and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55, Cell +254 709913354/55/52/51. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.