



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JANUARY 2021

DOMESTIC NEWS

The shilling was the under-achiever in Thursday's trading session against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. A number of corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of day, the local unit stood at 109.95/110.15 as compared to Wednesday's close of 109.90/110.10.

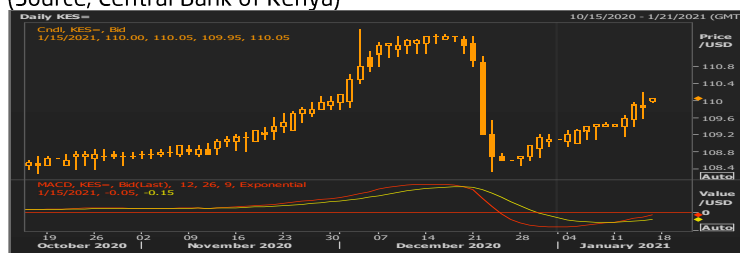
In other news, Kenya may soon renew a \$1.5 billion standby facility from the International Monetary Fund that expired in 2018 after implementing fiscal measures as demanded by the lender. The international lender gave Kenya tough fiscal conditions to meet in order to renew the facility before expiry on September 13, 2018, but the Parliament voted against most of them. These included repealing the interest cap law that locked lending rates at four per cent above the base lending rate of nine per cent, reducing the country's fiscal deficit as well as implementing the 16 per cent VAT on fuel. Early this year, Kenya bowed to IMF's pressure to include Sh3.4 trillion parastatal and county loans as part of the country's national debt, a move that is likely to push total public debt beyond Sh9.10 trillion debt ceiling.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	115.60	107.60	116.60
GBP/KES	146.55	156.55	147.10	158.10
EUR/KES	130.15	139.15	130.65	140.65
AED/KES	27.94	32.00	27.94	32.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.714%	4.795%	-1.081
91-Day T-bill	6.884%	6.895%	-0.011
182-Day T-Bill	7.522%	7.479%	0.043
364-Day T-Bill	8.445%	8.363%	0.082
Inflation	5.620%	5.330%	0.290
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Thursday to 90.267, however Federal Reserve Chair Jerome Powell's dovish comments that interest rates would not rise any time soon capped its gains. Meanwhile, Biden released details of the \$1.9 trillion "American Rescue Plan", which includes a wave of new spending, more direct payments to households, an expansion of jobless benefits and an enlargement of vaccinations and virus-testing programs. However, questions have been raised over how he and his administration plan to foot the bill.

The GBP/USD pair was in upside consolidation on Thursday at \$1.3671, drawing support from some optimism around the coronavirus situation in the UK that tougher restrictions were starting to have an effect on the spread of COVID in the country. Also, favoring the pound are the market expectations that the Bank of England will likely keep the interest rates unchanged at least until 2024 to avoid negative rates.

The euro was sidelined near \$1.2155 on Thursday as German Chancellor Angela Merkel is considering additional coronavirus-related lockdown measures amid heightened fears over the variant of the virus detected in the UK.

The Japanese Yen is looking to stabilize below 104.00 in Friday's Asian trading. The spot bore the brunt of the dovish comments from the Fed Chair Powell.

Elsewhere, global oil prices were mixed on Friday at \$56.69 per barrel as strong import data from China, the world's biggest crude importer, that boosted sentiment earlier ran into concerns about Chinese cities in lockdown due to coronavirus outbreaks.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.2060	1.2280
GBP/USD	1.3510	1.3790
USD/AED	3.6675	3.6775
USD/JPY	103.20	107.50

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.