



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH MARCH 2021

DOMESTIC NEWS

The Kenyan shilling held steady against the dollar on Friday as demand was equally matched with supply. Markets were watching for cues as the head of state delivered a speech on the coronavirus crisis with the aftermath indicating that the slight economic recovery will continue. By close of the day, the local unit stood at 109.55/75, same as the day's opening.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,351 million (4.52 months of import cover) as at March 11 weighed down by slower inflows from tourism and foreign direct investments (FDIs) on the back of COVID-19 disruptions to Kenya's external sector. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. Nevertheless, the reserves are set for replenishing as the economy rebounds alongside the expected booking of fresh dollar-denominated loans from the World Bank and the IMF before the end of June.

Elsewhere, International oil prices increased during the week, as OPEC+ decided to maintain the production cuts for a month while global demand began to pick up. Murban oil price (Kenya's benchmark) increased to \$67.36 per barrel on March 11 from \$63.32 per barrel on March 04.

Indicative Forex Rates

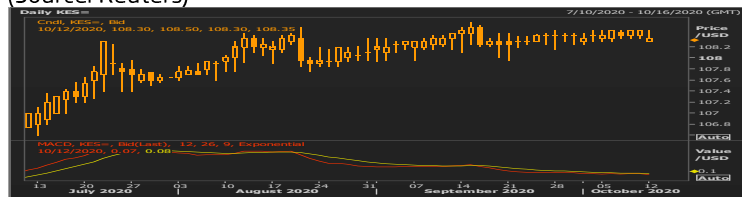
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.20	113.20	106.70	112.70
GBP/KES	148.74	156.74	149.24	156.24
EUR/KES	127.48	134.48	127.98	133.98
AED/KES	27.87	31.87	27.87	31.87

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9256%	5.0258%	0.100
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	0.19400	-0.52314	0.10163
12 months	0.27813	-0.48929	0.15388

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar held firm in early trade after bouncing off a one-week low last week, supported by a spike in benchmark Treasury yields to more-than-one-year highs as inflation fears continued to smoulder. Markets have grown wary in recent weeks that massive fiscal stimulus and pent-up consumer demand could lead to a jump in inflation as expanding vaccination campaigns bring an end to lockdowns.

The outlook for the already brisk pace of U.S. vaccinations has also been boosted by Biden's order for every state to make all adults eligible for vaccination by May 1.

The U.S. Federal Reserve conducts its two-day policy meeting although expectations are running low for the central bank to announce major policy changes.

The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies held around 91.645.

The Euro was unchanged at \$1.1940 after the ECB announced that it would accelerate its purchase of Eurobonds under its emergency PEPP program in response to rising yields with no mention of the amount or time frame of the new purchases.

Stronger than expected UK growth data and continued hopes for recovery from the coronavirus pandemic are keeping the Pound broadly appealing at \$1.3925. A shocking plummet in UK/EU trade activity after the UK split from EU rules in January has markets concerned. However, possibly the biggest event from the UK will be Thursday's Bank of England (BoE) March policy decision.

Elsewhere, oil was up 1.17% with Brent at \$69.99 per barrel, boosted by the growing optimism for fuel demand recovery in the second half of 2021 and output cuts from major producers. Saudi Arabia, the top oil exporter globally, reportedly cut the supply of April-loading crude by up to 15%.

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	1.1810	1.2110
GBP/USD	1.3800	1.4100
USD/AED	3.6605	3.6865
USD/JPY	107.80	110.80

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