



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH FEBRUARY 2021

DOMESTIC NEWS

The Kenyan shilling weakened slightly on Wednesday as energy importers tested the market amid a lack of sufficient supply from exports. Tea earnings continue to defy the pandemic-related challenges to post a 15% jump in 2020 thus providing a buffer to the local unit against further depreciation. However, the Central Bank Governor has in the past blamed the International Monetary Fund for the Shilling's weakening as well. By close of the day, the local unit stood at 109.45/65, compared to the day's opening of 109.40/60. The analysis by the CBK yesterday showed excess liquidity. The regulator was thus in the market to mop KES 10 billion in 5 days TAD in order to remain within the set monetary policy path by the MPC. Elsewhere, Kenya is expected to raise its debt ceiling to accommodate growing expenditure needs amid underperforming tax collections as the public debt stock is fast approaching Kes 9 trillion's statutory ceiling set. The National Treasury indicates that public debt stood at KES 7.28 trillion as at December 2020 equivalent to 65.6% of the country's GDP in nominal terms. This comes after the Treasury announced the country's entry in its fourth Eurobond in six years to raise KES 123.8 billion from sovereign bonds sold to foreigners in the next four months and an additional KES 124.3 billion during the fiscal year starting in July to help finance the budget.

Indicative Forex Rates

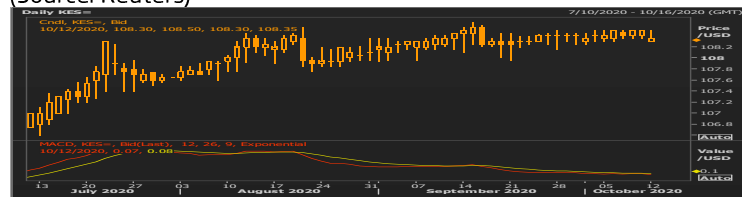
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.05	113.05	107.05	112.05
GBP/KES	147.80	155.80	148.30	155.30
EUR/KES	128.44	135.44	128.94	134.94
AED/KES	27.82	31.82	27.82	31.82

Money Market Rates	Current	Previous	Change
Interbank Rate	4.0634%	4.0391%	0.024
91-Day T-bill	6.905%	6.873%	0.032
182-Day T-Bill	7.644%	7.594%	0.050
364-Day T-Bill	8.824%	8.716%	0.108
Inflation	5.690%	5.620%	0.070
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.20263	-0.53514	0.07213
12 months	0.30263	-0.49529	0.12488

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade following its first back-to-back gains on positive U.S. data that continued to raise hopes that the country will see a faster economic recovery from COVID-19 than its global peers. Core retail sales grew 5.9% month-on-month in January and the Producer Price Index grew 1.3% month-on-month in January. Progress is also being made on the U.S.' proposed \$1.9 trillion stimulus package, with President Joe Biden meeting labor leaders to canvass support. The Federal Reserve also released the minutes from its January policy meeting reinforcing that it will keep its policy loose well into the future while maintaining an ultra-accommodative monetary policy. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.02% to 90.938. The Pound inched up 0.05% to \$1.3855 following an impressive early rollout of the Covid-19 vaccine which will enable the economy to reopen sooner and the recovery to be more powerful. The Euro was steady at \$1.2045 after dropping 0.5% and is struggling to capitalize on stronger Eurozone data as well as signs of improvement in the Eurozone's coronavirus vaccine rollout due to strength in rival currencies. Overall, the Eurozone outlook is showing signs of calming after the EU secured more coronavirus vaccines and Italy's new Prime Minister Mario Draghi helping to soothe market anxiety about Italian political uncertainty. Elsewhere, oil was up 1.2% with Brent at \$65.11 per barrel, continuing an almost week-long rally and passing 13-month highs due to the cold snap in Texas and surrounding regions that continue to hamper production, with at least a fifth of U.S. refining output and a million barrels of crude production shut down. The unusual weather could see production hampered for days or even weeks.

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	1.1890	1.2190
GBP/USD	1.3710	1.4010
USD/AED	3.6605	3.6865
USD/JPY	104.30	107.30

For more details, contact our Treasury staff Jackline, Loryne, Evelyn and Benson on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913354/55/51. 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.