



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling weakened on Friday due to increased dollar demand from energy and merchandise importers amid shrinking supply despite healthy diaspora remittances. The local unit is forecast to weaken further during the week as normalcy resumes amid low cases of new covid-19 infections being reported.

By close of day, the local unit stood at 110.00/20 same as day's opening.

The analysis by the CBK on Friday showed excess liquidity in the market. The regulator was thus in the market to mop KES 5BN in 7 days TAD in order to remain within the set monetary policy path by the MPC.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,807 million (4.80 months of import cover) as at January 14. 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.

Elsewhere, international oil prices increased during the week after a drawdown in U.S crude stocks and robust data from China showing an increase in imports. Murban oil price (Kenya's benchmark) increased to \$55.88 per barrel on January 14 from \$54.53 per barrel on January 07.

Indicative Forex Rates

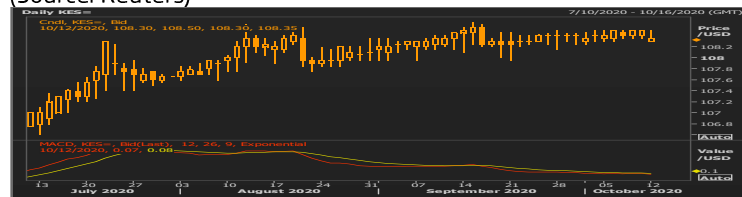
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.55	115.55	107.55	116.55
GBP/KES	145.27	155.27	145.77	156.77
EUR/KES	129.35	138.35	129.85	139.85
AED/KES	27.93	31.99	27.93	31.99

Money Market Rates	Current	Previous	Change
Interbank Rate	3.7329%	3.7148%	0.018
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	EUR	GBP
6 Months	0.24813	-0.72500	0.04088
12 months	0.32763	-0.61000	0.07825

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar clung to gains in early trade as softening U.S. economic data and rising global coronavirus cases kept investors cautious. The safety bid has added another layer of support for the dollar since the Democrats won control of U.S. Congress a fortnight ago, which triggered a surge in yields as investors priced in bigger stimulus from a borrow-and-spend Biden administration.

U.S. retail sales fell for a third straight month in December, stoking worries that the recovery is running into trouble as health authorities warned that the worst of the latest COVID-19 wave might be yet to come.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.05% to 90.800.

The Euro dipped to a six-week low of \$1.2066 due to the ever surging COVID-19 cases and an Italian political turmoil for crucial votes in parliament today and tomorrow in order to cling to power that is casting doubts over the region's economic recovery.

The Pound inched down 0.08% to \$1.3575 as global market sentiment remains cautious and worries that restrictions could be made tougher.

Elsewhere, U.S. President-elect Joe Biden and his administration are due to be inaugurated on Wednesday in a heavily-guarded Washington as tensions are high after mob violence a few weeks ago even as markets begin to question how much of the \$1.9 trillion stimulus measures proposed by Biden during the previous week will make it through Congress.

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	1.1850	1.2250
GBP/USD	1.3340	1.3740
USD/AED	3.6590	3.6890
USD/JPY	102.10	105.10

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