



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH MARCH 2021

DOMESTIC NEWS

The Kenya shilling was seen to weaken a tad on Wednesday on the back of increased dollar demand from the energy sector. By close of the day, the local unit stood at 109.70/90, compared to the previous day close of 109.55/75.

The local unit is likely to remain bound in a tight trading range due to the expected booking of fresh dollar-denominated loans from the World Bank and the IMF before the end of June amid the economic shocks of higher oil prices.

Increased diaspora remittances and export earnings especially from the agricultural sector will also help stabilize the shilling. The reduced external debt repayment obligations under the Debt Service Suspension Initiative (DSSI) by the Paris Club of International lenders is also offering a temporary relief to the shilling depreciation.

However, Kenya is considering floating a 4th Eurobond on the international market to seek funds to help pay off part of its debt obligations, set to hit US\$ 8.5 Billion by the close of the current fiscal year ending June 30th, 2021.

Indicative Forex Rates

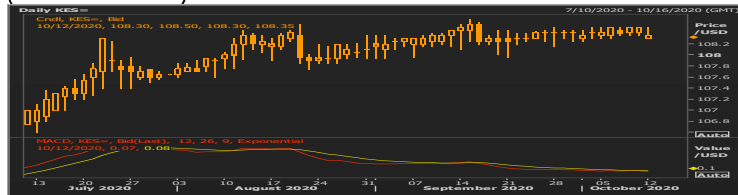
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.30	113.30	106.80	112.80
GBP/KES	149.19	157.19	149.69	156.69
EUR/KES	127.87	134.87	128.37	134.37
AED/KES	27.89	31.89	27.89	31.89

Money Market Rates	Current	Previous	Change
Interbank Rate	5.3730%	5.3007%	0.072
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	0.19788	-0.52400	0.10113
12 months	0.28075	-0.49143	0.15663

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade, with the U.S. Federal Reserve saying it was in no hurry to raise interest rates through all of 2023 and left its benchmark rate unchanged in the range of 0% to 0.25% and would continue its \$120 billion monthly bond purchases even after predicting a V-shaped recovery in the U.S. economy.

Fed Chairman Jerome Powell stuck to his dovish tone as he handed down the Fed's latest policy decision, putting paid to speculation that the central bank would pull back its stimulus as hopes rise for a strong economic recovery.

The Fed also predicted that the economy would grow 6.5% in 2021, the largest annual jump in GDP since 1984 and a 2.3 percentage points difference from its projection three months ago.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.10% to 91.483.

The Euro rose 0.7% to \$1.1965 even as the bloc struggles to match growth expectations in the U.S. due to delays in the roll-out of COVID vaccines.

The British Pound was up 0.5% to trade at \$1.3955 as the Bank of England is widely expected to leave its benchmark bank rate at a historic low of 0.1% and its bond-buying program unchanged at 895 billion pounds when it hands down its policy decision later in the day.

Elsewhere, oil was down 0.56% with Brent at \$67.62 per barrel in reaction to a sustained build in U.S. crude and fuel inventories. COVID-19 also continues to cloud the fuel demand recovery outlook as France and Italy plan to tighten restrictions.

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	1.1845	1.2145
GBP/USD	1.3830	1.4130
USD/AED	3.6605	3.6865
USD/JPY	107.50	110.50

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