



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling was largely stable as demand for the hard currency from importers was equally matched with supply.

Hard currency inflows from diaspora remittances and offshore investors targeting the local debt market in the tax free 16yr amortized infrastructure bond auction kept the local unit well supported.

By close of day, the local unit stood at 110.10/30 compared to the day's opening of 110.00/20.

The analysis by the CBK on Tuesday showed excess liquidity in the market. The regulator was thus in the market to mop KES 10BN in 6 days TAD in order to remain within the set monetary policy path by the MPC.

Elsewhere, Kenya's domestic debt increased to KSh3.49 trillion in the first week of January 2021, a 19% jump from KSh2.94 trillion in the same period in 2020, as the government ramped up borrowing to counter the effects of covid19 on the economy as well as finance development projects even as they widen the debt service relief request to all its bilateral lenders hoping to save up to KES.69.00 billion.

Indicative Forex Rates

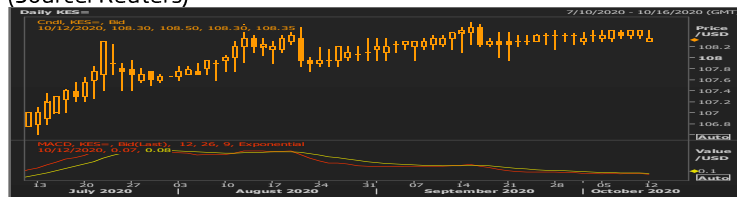
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.70	113.70	107.70	112.70
GBP/KES	146.45	154.45	146.95	153.95
EUR/KES	130.30	137.30	130.80	136.80
AED/KES	28.50	31.50	28.50	31.50

Money Market Rates	Current	Previous	Change
Interbank Rate	4.0926%	4.222%	0.129
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)

LIBOR Rates	USD	EUR	GBP
6 Months	0.23575	-0.53643	0.03888
12 months	0.31238	-0.50071	0.07400

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade, with investors digesting U.S. Secretary of the Treasury nominee Janet Yellen's big spending comments where she urged Congress to "act big" on COVID-19 relief and not worry too much about debt during her Senate confirmation hearing before the Senate Finance Committee.

Rising U.S. Treasury yields and investor caution about the strength of the global economic recovery from the coronavirus pandemic continue to offer support for the greenback.

U.S. President elect Joe Biden is to be inaugurated as U.S. President at noon in Washington today although markets are more focused on his policies than the ceremony.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged down 0.11% to 90.365.

The Euro bounced off support around \$1.2050, lifting about 0.4% overnight to hit \$1.2145 boosted by a better-than-expected ZEW economic sentiment survey in Germany as well as the Italian government surviving a confidence vote.

The Pound edged up 0.14% to \$1.3660 supported by Bank of England chief economist Andrew Haldane's prediction that the U.K.'s economy could begin to recover "at the rate of knots" from the second quarter of 2021.

It's a relatively busy day ahead on the economic calendar for both the Eurozone and the UK as markets await the release of a string of data on December inflation even as COVID-19 vaccine news along with the latest COVID-19 figures and the progress towards ending the pandemic continue to provide direction for the two currencies.

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	1.2000	1.2300
GBP/USD	1.3500	1.3800
USD/AED	3.6620	3.6880
USD/JPY	102.50	105.20

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