



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND DECEMBER 2020

DOMESTIC NEWS

The Kenya shilling strengthened on Monday supported by healthy dollar inflows from corporates funding their end of month KES obligations early as they were closing for the festive season amid low demand for the dollar from importers. Markets are anticipating a stable shilling in the next couple of days.

By close of day, the local unit stood at 110.90/111.10 compared to the day's opening of 111.50/70.

The analysis by the CBK yesterday showed a square market. The regulator was thus out of the market in order to remain within the set monetary policy path by the MPC.

Elsewhere, Tea farmers will have an early Christmas after the Kenya Tea Development Agency (Holdings) declared a KES 734 million dividend for the financial year ending June 30, 2020 representing a 15% increase from the previous year's offer of KES 683 million.

Indicative Forex Rates

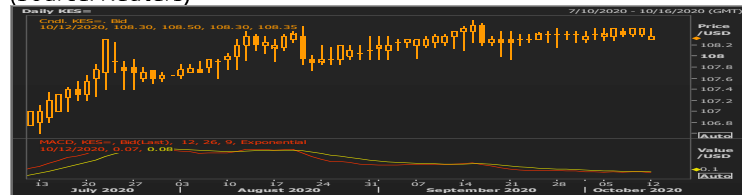
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.50	114.70	108.50	113.50
GBP/KES	144.85	152.85	145.35	152.35
EUR/KES	132.20	139.20	132.70	138.70
AED/KES	28.72	31.72	28.72	31.72

Money Market Rates	Current	Previous	Change
Interbank Rate	5.8809%	5.8846%	- 0.0037
91-Day T-bill	6.916%	6.901%	0.015
182-Day T-Bill	7.399%	7.363%	0.036
364-Day T-Bill	8.283%	8.246%	0.037
Inflation	5.460%	4.840%	0.620
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.25850	-0.53657	0.03413
12 months	0.33400	-0.48157	0.11075

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade, but jitters over a new COVID-19 strain saw the greenback trade well below the peaks seen during a rollercoaster session overnight despite the U.S. House of Representatives passing an \$892 billion coronavirus aid package, alongside a \$1.4 trillion measure to keep the government funded for another year.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.20% to 90.132. The Euro recovered to \$1.2225 based on a report that the EU was considering a compromise on fishing rights, which have been a stumbling block to a deal. Meanwhile, Eurozone's Consumer Confidence data fell by -13.9 economy as several key economies in the bloc have re-entered national lockdowns, indicating that the economy could shrink by -1% in the fourth quarter and any further signs of Europe's Covid-19 situation worsening ahead of Christmas lead to a rally.

The Pound was down 0.46% to \$1.3390 due to discovery of a new strain of the COVID-19 virus, also referred to as the B.1.1.7 strain, in the U.K. which also saw countries including Canada and Hong Kong shutting their borders to the U.K. to keep the strain out.

A full lockdown has been imposed on London and southeastern England, with the ensuing travel chaos and the possibility of food shortages coming days before Christmas.

With just days left until the U.K. leaves the European Union (EU), Prime Minister Boris Johnson warned that there are still "problems" in securing a post-Brexit trade deal.

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	1.2085	1.2365
GBP/USD	1.3215	1.3515
USD/AED	3.6605	3.6875
USD/JPY	102.10	104.95

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.