



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND JANUARY 2021

DOMESTIC NEWS

The Kenya shilling strengthened on Thursday as the market benefited from a surge in the supply of dollars from foreign investors into the recently closed 16 year amortized tax free infrastructure bond. The Government, through the Central Bank sold KES.81.05 billion worth of the bond against a target of KES.50 billion with a subscription of 250% at KES.125.34 billion and a yield of 12.257%.

The supply will offer the much-needed support for the time being but the gains could be capped as end of the month demand for the greenback from importers kicks in.

By close of day, the local unit stood at 109.70/90 compared to the day's opening of 110.05/25.

The analysis by the CBK on Thursday 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, The United Kingdom has approved KES 8 billion for the Kenya Government's Affordable Housing Program, as part of the Government's support of President Uhuru Kenyatta's vision of providing 100,000 units to Kenyans.

Indicative Forex Rates

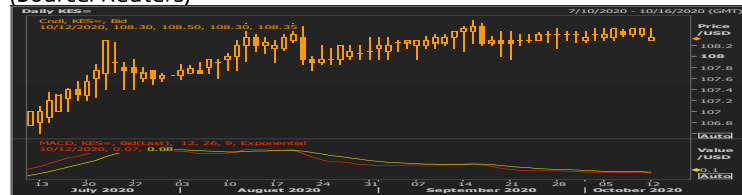
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.25	113.25	107.25	112.25
GBP/KES	146.49	154.49	146.99	153.99
EUR/KES	130.10	137.10	130.60	136.60
AED/KES	28.38	31.38	28.38	31.38

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9764%	4.4300%	0.546
91-Day T-bill	6.983%	6.884%	0.099
182-Day T-Bill	7.508%	7.522%	0.014
364-Day T-Bill	8.508%	8.445%	0.063
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	0.23788	-0.53586	0.04213
12 months	0.31725	-0.49900	0.08150

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade, as investors cheered in the Joe Biden administration to announce a \$1.90 trillion stimulus package to aid the damage of the coronavirus pandemic, by buying riskier currencies and refreshed bets that a pandemic recovery could push the greenback lower still.

Preliminary purchasing managers' index figures are due across Europe, the U.K. and the United States, and weakness is expected as fresh waves of coronavirus infection have driven new lockdowns and curtailed growth.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.02% to 90.112.

The Euro is down almost 0.8% this week touching a week-low of \$1.2170 despite the European Central Bank keeping policy steady and accommodative. ECB president Christine Lagarde warned about a renewed surge in Covid-19 infections and the prospect of prolonged restrictions that could challenge the region's economic outlook.

Pound edged down 0.16% to \$1.3710 on hopes Britain's vaccine roll-out will hit experts' projections of 350,000 doses a day to usher in a rebound in growth. Additionally, markets are confident that the \$1.9T U.S. stimulus package will boost the global economic situation, and in turn push the Pound higher.

An extended lockdown could put further pressure on the economy and push Sterling down.

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	1.2010	1.2280
GBP/USD	1.3585	1.3875
USD/AED	3.6605	3.6865
USD/JPY	102.15	104.85

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