



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND MARCH 2021

DOMESTIC NEWS

The Kenya shilling was unchanged on Friday, with inflows from commodities and remittances matching demand from energy and merchandise importers.

By close of the day, the local unit stood at 109.75/95, similar to the previous day closing.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,412 million (4.55 months of import cover) as at March 18. 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.

Nevertheless, the reserves are set for replenishing after the International Monetary Fund (IMF) said it is boosting its reserves by some US\$650 billion, to help pandemic-hit countries deal with immediate external financing pressures but it will not guarantee a healthy debt-servicing outlook.

Elsewhere, International oil prices declined during the week mainly due to inventory accumulation in the US, fears of resurgence in new infections in Europe and COVID-19 vaccine safety concerns. Murban oil price (Kenya's benchmark) decreased to \$66.03 per barrel on March 18 from \$67.36 per barrel on March 11.

Indicative Forex Rates

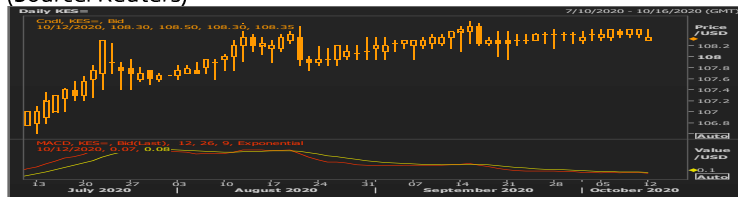
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.35	113.35	106.85	112.85
GBP/KES	148.19	156.19	148.69	155.69
EUR/KES	127.17	134.17	127.67	133.67
AED/KES	27.91	31.91	27.91	31.91

Money Market Rates	Current	Previous	Change
Interbank Rate	5.6564%	5.4786%	0.178
91-Day T-bill	7.071%	7.024%	0.047
182-Day T-Bill	7.884%	7.832%	0.052
364-Day T-Bill	9.213%	9.144%	0.069
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	0.20238	-0.52229	0.10400
12 months	0.27625	-0.49014	0.16175

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The US dollar is up in early trade underpinned by rising US Treasury yields as inflation fears continue to stalk the market. The greenback also got a boost after the Turkish lira tumbled towards a record low after President Recep Tayyip Erdoğan replaced hawkish central bank governor Naci Agbal. The new governor will likely reverse the hawkish steps taken to battle inflation so far, which could lead to prolonged market volatility. Markets are worried that the events in Turkey could cause disruptions in other financial markets giving the safe-haven dollar a further boost.

Fed Chairman Jerome Powell said that the Fed will continue to provide aid to the economy "for as long as it takes" with recovery currently far from complete adding that the U.S. would pull out of the COVID-19 crisis "stronger and better, as we have done so often before."

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.16% to 92.073

The Euro fell slightly to \$1.1890 as the Eurozone struggles with a delayed coronavirus vaccine rollout and rising fears of being hit by a third wave of the pandemic. France headed towards a new lockdown and Germany has a draft proposal calling for the current lockdown to be extended into a fifth month as the number of new COVID-19 cases surge.

The Pound was down 0.26% to \$1.3855 in a move markets said was likely to be a temporary retracement as the market remained generally bullish on Sterling due to Britain's quick vaccine rollout noting that half of all adults in the country had now had at least one COVID-19 vaccine dose.

Elsewhere, Oil was down 0.57% to \$64.16 per barrel, resuming a downward trend as the prospect of more COVID-19 lockdowns in Europe increasing worries about fuel demand.

Source: Reuters

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	USD	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	1.1750	1.2050
GBP/USD	1.3735	1.4055
USD/AED	3.6605	3.6865
USD/JPY	107.50	110.50

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.