



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD FEBRUARY 2021

DOMESTIC NEWS

The Kenya shilling was steady on Monday as demand from importers was equally matched with supply from exports, but markets anticipate the local unit to come under pressure in the coming days due to end-of-month dollar demand from corporates.

The shilling is getting support from foreign remittances which recorded a 7.3% improvement in January 2021 compared to a similar period in 2020, according to data from the Central Bank of Kenya (CBK). Financial innovations and increased access to convenient money transfer channels are some of the factors that contributed to the sharp growth.

The local unit will also get a reprieve against depreciation in the short term due to suspension of repayment of interest on coupon debt by the Paris Club and other foreign lenders amid declining foreign exchange reserves at the apex Bank.

By close of the day, the local unit stood at 109.50/70, similar to the day's opening.

Elsewhere, the National Treasury is crafting legislation to create a special fund for settling of fast maturing loans for the financial year starting 2021/22 to mitigate future cash flow challenges arising from heavy repayment of debts whose grace period has expired, buy back bonds when interest is low and retire some debts to avoid higher costs in future.

Indicative Forex Rates

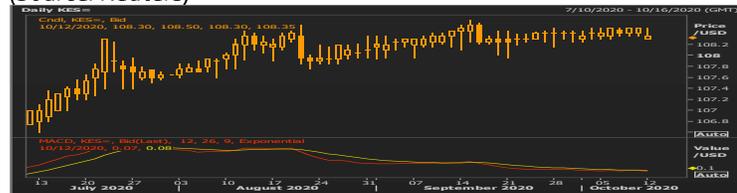
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.10	113.10	107.10	112.10
GBP/KES	150.32	158.32	150.82	157.82
EUR/KES	129.89	136.89	130.39	136.39
AED/KES	27.84	31.84	27.84	31.84

Money Market Rates	Current	Previous	Change
Interbank Rate	4.1767%	4.0314%	0.145
91-Day T-bill	6.911%	6.905%	0.006
182-Day T-Bill	7.684%	7.644%	0.040
364-Day T-Bill	8.931%	8.824%	0.107
Inflation	5.690%	5.620%	0.070
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.19500	-0.52943	0.07900
12 months	0.28650	-0.49329	0.13238

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade, dropping to a near six-week low as investors await U.S. Federal Reserve Chairman Jerome Powell's potential response to rising inflation worries.

Powell, who testifies before Congress later in the day, is expected to provide assurance that the Fed will tolerate higher inflation without immediately hiking rate, which could potentially calm bond markets and could eventually potentially cause the dollar to drop further.

Separately, President Joe Biden's \$1.9 trillion stimulus package advanced out of the House Budget Committee yesterday and is now set for a full House vote later in the week.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged down 0.14% to 89.957.

The Pound edged up 0.15% to \$1.4075 as the U.K. rolled out a quick and successful COVID-19 vaccine program, in turn boosting confidence in a U.K. economic recovery as Prime Minister Boris Johnson announced his Covid-19 lockdown five-week gap exit strategy.

The Euro is set to re-test resistance around the \$1.2220 mark after a small gain to \$1.2165 even as extended lockdown restrictions in Germany continue to drag confidence in the Eurozone's largest economy. EU's delay in rolling out Covid-19 vaccines has also hampered confidence in the bloc's economic recovery.

Elsewhere, Oil prices have jumped by more than \$1 today with Brent at \$66.34 per barrel, underpinned by optimism over COVID-19 vaccine rollouts and lower output as U.S. supplies were slow to return after a deep freeze in Texas shut in crude production last week.

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	1.2015	1.2315
GBP/USD	1.3950	1.4250
USD/AED	3.6605	3.6865
USD/JPY	103.80	106.80

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