



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH FEBRUARY 2021

DOMESTIC NEWS

The Kenya shilling weakened on Wednesday due to strong end-month demand for dollars from the energy sector and general goods importers.

The local unit is however set to trade within a range as there is a bit more supply of dollars into the market. A continuation of greater diaspora support as the country's economy continues to battle the effects of the COVID-19 pandemic continues to anchor government foreign exchange earnings amidst volatility which has seen receipts from avenues such as tourism slack.

On its part, the Capital Markets Authority (CMA) has set its sights on the flows to deepen funding to domestic capital markets. By close of the day, the local unit stood at 109.65/85, compared to the day's opening of 109.55/75.

Elsewhere, the CBK is conducting a remittances survey between this month and March in view of collecting key information to guide policy formulation with the objective of boosting the role of remittances in supporting the economy and livelihoods.

Indicative Forex Rates

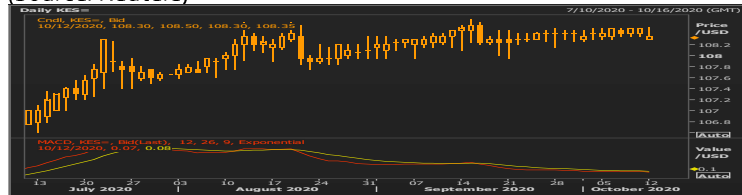
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.25	113.25	107.25	112.25
GBP/KES	151.47	159.47	151.97	158.97
EUR/KES	130.19	137.19	130.69	136.69
AED/KES	27.88	31.88	27.88	31.88

Money Market Rates	Current	Previous	Change
Interbank Rate	4.2745%	4.116%	0.163
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	0.20375	-0.52743	0.07813
12 months	0.28463	-0.49143	0.13013

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade, but stayed near three-year lows, as the U.S. Federal Reserve continued a dovish stance that stoked reflation fears, placing bets on increasing economic activities and prices, driven by easy financial conditions, the promise of fiscal stimulus and an accelerating COVID-19 vaccine rollout.

Fed Chairman Jerome Powell on Wednesday reiterated that the central bank would maintain its easy policy until there are clear signs of economic improvement and would look through the short-term rise in inflation.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.07% to 90.095. The Pound inched down 0.03% to \$1.4165 but continues to benefit from growing confidence in the UK's economy following announcement of Downing Street's lockdown exit strategy. Prime Minister Boris Johnson has also expressed optimism over lockdown restrictions coming to an effective end by later June.

The Euro is trading near the top of its recent range at \$1.2180, after nearing a one-month high earlier in the week as uncertainty in the Eurozone outlook is making it difficult for the common currency to sustain gains. The Eurozone, which has already suffered from a delayed vaccine rollout and is currently seeing lockdowns across the bloc, continues to face uncertainty about how long the pandemic impact could last. Overall, there is optimism that Britain will bounce back faster than its European peers.

Elsewhere, Oil prices rose 0.3% for a fourth straight to the highest level in more than 13 months with Brent at \$67.23 a barrel underpinned by monetary easing policies and lower crude production in the United States.

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	1.2030	1.2330
GBP/USD	1.4025	1.4325
USD/AED	3.6605	3.6865
USD/JPY	104.30	107.30

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.