



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling weakened on Friday due to increased dollar demand from energy and merchandise importers amid a relatively liquid money market, supported by government payments which partly offset tax remittances. The local unit is forecast to weaken further during the week due to end month demand by importers.

By close of day, the local unit stood at 109.95/110.15 compared to the day's opening of 109.75/95.

The analysis by the CBK on Friday showed skewed liquidity in the market. The regulator was thus in the market for KES 10BN in 7 days reverse repos in order to remain within the set monetary policy path by the MPC.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,658 million (4.70 months of import cover) as at January 21. 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.

Elsewhere, international oil prices relatively stable during the week ending January 22 despite the ever-rising number of COVID-19 cases raising fuel demand worries. Murban oil price (Kenya's benchmark) stood at \$55.76 per barrel on January 21 from \$55.88 per barrel on January 14.

Indicative Forex Rates

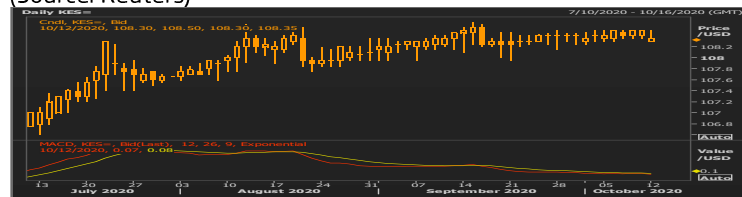
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.50	115.50	107.50	116.50
GBP/KES	146.84	156.84	147.34	158.34
EUR/KES	130.47	139.47	130.97	140.97
AED/KES	27.92	31.98	27.92	31.98

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	0.23600	-0.53214	0.04350
12 months	0.31225	-0.49957	0.08238

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar held ground against riskier currencies on Monday as weak economic data from Europe and fresh worries about the coronavirus supported investor demand for safe-havens, stretching greenback selling positions.

Markets however remain hopeful that the \$1.9 trillion stimulus package proposed by U.S. President Joe Biden will be passed by Congress soon. Senators are hoping to pass the measures before the second impeachment trial of former president Donald Trump, which is due to start the week of Feb. 8.

Meanwhile, the Federal Reserve meets for its first policy meeting of 2021 tomorrow, with the policy decision to be handed down on Wednesday. The central bank is expected to maintain its commitment to accommodative monetary policy during the meeting.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.10% to 90.118.

The Pound edged up 0.17% to \$1.3720 after U.K. Prime Minister Boris Johnson said that the B117 variant of COVID-19 could be 30% more deadly, adding that stricter travel curbs and continued lockdown measures while the infection rate remains "forbiddingly high" could be possible. Data from the U.K. showed that retail sales grew 0.3% month-on-month in December.

Euro capped gains at \$1.2180 partly due to growing political instability in Italy. Italian Prime Minister Giuseppe Conte has so far failed to secure a ruling majority in parliament, receiving few replies to his appeal to centrist and unaligned upper house lawmakers to join his minority government. The political impasse saw Italian bond yields rise, with spreads over German Bunds hitting their highest since November.

However, the situation demonstrates the widespread risks of political instability from popular discontent as COVID-19 fatigue settles in.

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	1.3585	1.3875
USD/AED	3.6605	3.6865
USD/JPY	102.30	105.10

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.