



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling was relatively stable on Monday as demand for the hard currency from oil and merchandise importers was equally matched with supply from exports and diaspora remittances.

The local unit is forecast to weaken further during the week due to end month demand by importers supported by an increase in business activities with the lifting of the restrictions as companies can operate for longer hours thus increasing productivity.

The debt service suspension by the Paris club will likely support the external account to boost the country's economic growth in 2021.

By close of day, the local unit stood at 110.00/20, compared to the day's opening of 109.95/110.15.

The analysis by the CBK on Monday showed a square market. The regulator was thus out of the market to in order to remain within the set monetary policy path by the MPC.

Elsewhere, the next meeting of the Monetary Policy Committee (MPC) of the Central Bank of Kenya will be held tomorrow with eyes on its take on the rising cost of food that has driven the inflation to an eight month high adding pressure to households that are still reeling from the economic shocks of the Covid 19 pandemic.

Indicative Forex Rates

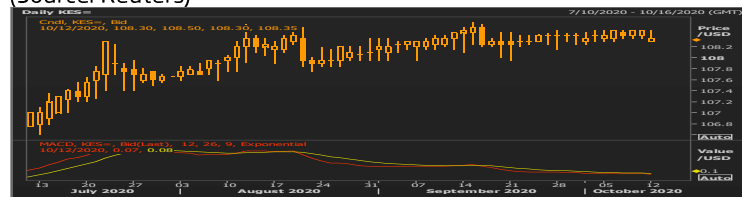
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	115.60	107.60	117.60
GBP/KES	146.29	156.29	146.79	157.79
EUR/KES	130.04	139.04	130.54	140.54
AED/KES	27.94	32.00	27.94	32.90

Money Market Rates	Current	Previous	Change
Interbank Rate	5.3831%	5.2492%	0.134
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 U.S. dollar steadied in early trade amid the ever-rising numbers of global COVID-19 cases and doubts over both the size and speed of further U.S. stimulus measures. Janet Yellen was confirmed as the first female U.S. Treasury secretary in history, a week after she urged lawmakers to "act big" now to save the economy and worry about the debt later. Investors are also cautious ahead of the Federal Reserve's policy meeting, due to open later in the day, but is expected to keep rates on hold within the 0% to 0.25% target and monthly bond purchases is expected to be maintained at monthly pace of \$120 billion when it hands down its policy decision tomorrow. The \$1.9 trillion stimulus package proposed by President Joe Biden earlier in the month could have a smoother path towards being passed, although all-too familiar disagreements with Republican lawmakers are already proving to be obstacles and soured risk appetite.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.04% to 90.308.

The Euro is unable to break resistance around \$1.2190 having slipped slightly overnight to \$1.2130 as the continent grapples with new COVID-19 infections and fresh lockdowns even as the ECB left monetary policy unchanged yet again during its first meeting of 2021, and disappointing Ifo confidence surveys took centre stage.

The Pound is tumbling to trade at \$1.3650 as investors buy safe havens due to concerns over the worsening coronavirus pandemic ahead of a series of key data from Britain.

Elsewhere, Oil prices was down 0.5% with Brent at \$55.60 as fading hopes for a rapid approval of new U.S. economic stimulus and mounting new coronavirus cases raised questions over the pace of any recovery in demand.

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	1.2370
GBP/USD	1.3520	1.3825
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.