



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling was relatively stable against the dollar on Tuesday as demand for the greenback was equally matched with supply amid tight liquidity in the local money market. Markets will be closely watching how the CBK Governor will address the rising cost of living, a wobbling Kenya Shilling and how to pump more cash into an already battered economy that is still under the shadow of COVID-19 pandemic effects when CBK hands down its policy decision later today. 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 as normalcy resumes.

By close of the day, the local unit stood at 110.00/20, compared to the day's opening of 110.05/110.25.

The analysis by the CBK on Tuesday showed skewed liquidity in the market. The regulator was thus in the market for KES 5 billion in 7 days reverse repos in order to remain within the set monetary policy path by the MPC.

Elsewhere, Kenya's fiscal deficit is expected to widen to KES 1 trillion in the fiscal year 2020/21 ending on 30th June 2021, a 25% jump from KES 796.8 billion in the 2019/20 fiscal year and the highest deficit on record according to the draft 2021 budget policy statement.

Indicative Forex Rates

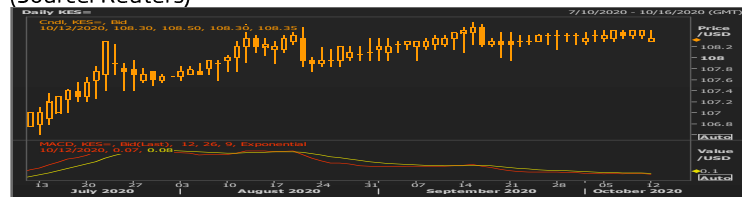
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	115.60	107.60	117.60
GBP/KES	147.18	157.18	147.68	158.68
EUR/KES	130.35	139.35	130.85	140.85
AED/KES	27.94	32.00	27.94	32.90

Money Market Rates	Current	Previous	Change
Interbank Rate	5.5496%	5.3831%	0.167
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	0.23300	-0.53571	0.04113
12 months	0.31225	-0.50186	0.08100

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar saw declines against major peers after the International Monetary Fund upgraded its forecast for 2021 global growth boosting hopes for a global economic recovery from COVID-19 even as investors await the U.S. Federal Reserve's policy decision, to be handed down later in the day. Questions however remain as to the timing and size of a \$1.9 trillion stimulus package proposed by U.S. President Joe Biden. The institution now expects the global economy to grow 5.5% this year, a 0.3 percentage point increase from October 2020's forecasts, and global gross domestic product to expand by 4.2% in 2022. However, it also warned that new COVID-19 variants could pose a risk to economic recovery. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 90.175.

The Pound inched down 0.01% to \$1.3730, after climbing up to \$1.3753 for the first time since May 2018 due to stronger than expected UK job market report. The UK Covid19 infection rate is still high and is seeing only small signs of improving which has led to more lockdown and restrictions. Prime Minister Boris Johnson is expected to approve the use of hotels to quarantine those arriving to the UK from countries with more contagious strains of the virus. However, optimism that vaccines will continue to rollout smoothly are keeping the Pound appealing.

The Euro was mostly flat at \$1.2160 after rising around 0.1% largely due to the market's uncertainty over the coronavirus pandemic and vaccine distribution. Eurozone is heavy on data for the next couple of days which may boost the single currency outlook overall.

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	1.3580	1.3880
USD/AED	3.6610	3.6865
USD/JPY	102.35	105.15

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