



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JANUARY 2021

DOMESTIC NEWS

The shilling held its ground against the U.S. dollar on Wednesday, in what was a lackluster trading session and marginal moves occasioned by a few trades. Dwindled corporate dollar demand was well matched by foreign currency inflows from various sectors of the economy leaving the USD/KES currency pair unchanged from its previous close. By close of the day, the local unit stood at 110.05/25, the same as the previous day's close.

Meanwhile, The Central Bank of Kenya met on Wednesday 27th January 2021 and retained the base lending rate at 7 per cent for the sixth time in a row shrugging off rising concerns over inflation. The Monetary Policy Committee said it held the key rate - effectively sparing borrowers' higher cost of loans - in an environment where inflation expectations were within the target range and the economy was on the road to recovery following initial disruption brought about by the Covid-19 pandemic. The Committee noted that the package of policy measures implemented since March 2020 were having the intended effect on the economy and are being augmented by implementation of the announced fiscal measures in the financial year 2020/21 Budget. According to the apex bank, the economy is expected to rebound strongly in 2021, supported by recovery in the services sectors particularly education, manufacturing, resilient agriculture, and the ongoing policy support through the government's economic recovery plan.

Indicative Forex Rates

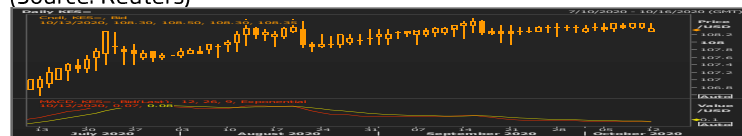
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.65	115.65	107.65	117.65
GBP/KES	146.62	156.62	147.12	158.12
EUR/KES	129.69	138.69	130.19	140.19
AED/KES	27.96	32.02	27.96	32.92

Money Market Rates	Current	Previous	Change
Interbank Rate	5.616%	5.549%	-0.067
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	0.23450	-0.53400	0.04250
12 months	0.31150	-0.50243	0.08175

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index extended gains against most currencies on Wednesday to 90.642 in the wake of a sharp decline in U.S. shares. Investors turned to the safe-harbor asset as concerns about excessive valuations remain. In the meantime, in its first policy decision of 2021, The U.S. Federal Reserve kept monetary policy unchanged as expected on Wednesday but did signal some concern about the pace of economic recovery, which some traders said is another negative factor. The U.S.'s fourth quarter GDP, due later in the day, will be a barometer of the U.S. economy's strength as it continues to recover from the impact of COVID-19.

The GBP/USD pair stayed depressed below \$1.3700 on Wednesday over the latest comments from the European Union (EU) suggesting further tension between the bloc and the UK, this time over the vaccine. With the coronavirus vaccine shortage at home, the EU is demanding Britain to make-up for the shortfall due to the British drug maker AstraZeneca. The EU has said AstraZeneca must take coronavirus vaccines from UK factories to make up a shortfall in supplies to its member states, a demand that could unleash an explosive post-Brexit political fight.

The euro nursed losses on Wednesday to settle at \$1.2095 after a European Central Bank member warned that interest rate cuts are possible to curb the common currency's recent gains.

Elsewhere, global oil prices were down on Thursday to \$52.58 per barrel over fresh fuel demand worries after England restricted travel and China seeks to limit travel during the upcoming Lunar New Year holidays. But attention is now turning back to demand concerns amid a rise in coronavirus.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	USD	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	1.2020	1.2380
GBP/USD	1.3570	1.3860
USD/AED	3.6610	3.6865
USD/JPY	103.15	105.70

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.