



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH JANUARY 2021

DOMESTIC NEWS

The Kenya shilling was relatively stable against the dollar on Thursday due to low end month demand for the greenback which was matched with supply cash flows after benchmark lending rate was retained. In a press briefing after the MPC meeting, the CBK Governor Dr. Patrick Njoroge added that the G20 countries have committed to consider extending the debt suspension initiative beyond June 2021. Kenya will repay the money over five years with a 12 month grace period, reducing the level of debt service that has formed a crisis following decline in revenues due to covid-19 pandemic.

The regulator has also set out to lengthen the maturity profile of Treasury bonds by nearly 1.5yrs, reflecting concerted efforts to issue longer dated securities to reduce refinancing risk.

A new report by the International Monetary Fund (IMF) shows that Kenya is one of the countries with a heavy debt repayment burden this year.

By close of the day, the local unit stood at 110.05/25, compared to the day's opening of 110.10/110.30.

The analysis by the CBK on Thursday 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

Indicative Forex Rates

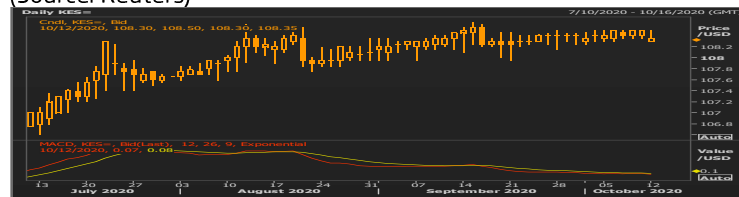
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.65	113.65	107.65	112.65
GBP/KES	146.93	154.93	147.43	154.43
EUR/KES	129.74	136.74	130.24	136.24
AED/KES	28.49	31.49	28.49	31.49

Money Market Rates	Current	Previous	Change
Interbank Rate	5.5496%	5.3831%	0.167
91-Day T-bill	6.897%	6.983%	0.086
182-Day T-Bill	7.578%	7.508%	0.070
364-Day T-Bill	8.623%	8.508%	0.115
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	0.22763	-0.53357	0.04550
12 months	0.31200	-0.50029	0.08500

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade, supported by higher U.S. Treasury yields on the back of good data and equity market gains. The U.S. economy expanded by 4% in the fourth quarter of 2020 but not enough to prevent the economy from shrinking at its fastest pace in 70 years. Investors are also awaiting news of U.S. President Joe Biden's fiscal spending package, with worries that the proposed \$1.9 trillion deal will not come as large as expected.

The U.S. Dollar Index, which tracks the greenback against a basket of other currencies gained 0.12% to reach 90.632. The Euro was little changed at \$1.2100 after edging higher in the previous session. With lockdown measures extending into the 1st quarter, weaker than expected figures could test market optimism towards any near-term economic recovery. It's a particularly busy day for the EUR with a series of data due to be released that will likely have an impact on the common currency.

Pound is down 0.02% to \$1.3705 and in the hands of COVID-19 news and any plans on easing lockdown measures after March 08.. With more virulent strains of the COVID-19 virus hitting the UK, it may take some time for the economy to fully reopen.

Elsewhere, Oil prices were down 0.3% to \$55.67 per barrel as slowing fuel demands was balanced by a pending supply cut by Saudi Arabia and lower U.S. oil stocks. The slower fuel demand is attributed to delays in vaccine rollouts in the U.S. and EU, a flood of new cases in Israel despite vaccinating its population and a new strain of coronavirus from South Africa reaching the 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	1.1910	1.2210
GBP/USD	1.3580	1.3880
USD/AED	3.6605	3.6865
USD/JPY	102.85	106.15

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