



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH JANUARY 2021

DOMESTIC NEWS

The Kenyan shilling slipped on Wednesday to a fresh all-time low as strong dollar demand from oil importers outstripped weak inflows.

The commercial banks quoted the shilling at 113.40/60 per dollar, an all-time low according to Refinitiv Eikon data. Closing Tuesday, it closed at 113.35/55.

Kenya will retain Citi Bank and JP Morgan to arrange its fifth Eurobond to be issued this year, looking to raise up to Sh250 billion. The Treasury told the Business Daily Wednesday that the two investment banks, which also helped Kenya raise \$1 billion (Sh113 billion) in June last year, will set the timing for the issue 'depending on the market conditions.

Commercial banks made more money in 10 months last year than what they earned in the full year before Covid struck the country, revealing the meteoric recovery of a sector that suspended dividends in 2020 on fears of capital erosion.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.40	116.40	111.90	116.90
GBP/KES	145.11	153.11	144.81	153.51
EUR/KES	122.91	130.81	123.71	131.21
AED/KES	29.24	32.24	28.74	32.74

Money Rates	Market	Current	Previous	Change
Interbank Rate		4.240%	5.650%	0.220
91-Day T-bill		7.309%	7.345%	0.036
182-Day T-Bill		8.081%	8.041%	-0.040
364-Day T-Bill		9.474%	9.444%	-0.030
Inflation		5.730%	5.800%	-0.070
CBR RATE		7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.42986	-0.58057	0.85830
12 months	0.78700	-0.48571	-

(Source: Reuters)

INTERNATIONAL NEWS

On the global scene the dollar edged lower on Thursday as this week's rally in U.S. Treasury yields paused, and currencies such as the Canadian and Australian dollars were boosted by high commodity prices and continued optimism about future global economic growth.

The Aussie firmed 0.3%, extending advances from the previous day, and the Canadian dollar was heading back towards its 10-week high touched on Wednesday with one U.S. dollar worth C\$1.245.

China's yuan held steady against the dollar on Thursday on persistent seasonal corporate demand and a much-strengthened official midpoint fixing, with only a muted impact from cuts to the country's benchmark lending rates.

Prior to market opening, the People's Bank of China (PBOC) raised the midpoint rate to 6.3485 per dollar, 139 pips firmer than the previous fix of 6.3624 and the strongest since May 2018. The official guidance was largely in line market projections.

Gold rose more than 1% on Wednesday as a retreat in the dollar and geopolitical tensions surrounding Ukraine burnished safe-haven bullion's appeal, sparking a rally in precious metals.

Palladium led the gains with a rise of as much as 7%, with Citi Research saying in a note a gradual recovery in global automotive output could underpin demand for the auto-catalyst metal this year. It was last up 5.7% at \$2,006.20 per ounce.

Indicative Profit Rates on Deposits

	Amounts > 10 million	
	KES	USD
2 Weeks	6.00%	0.25%
1 Month	6.25%	0.50%
3 Months	6.50%	0.75%
6 Months	6.75%	1.00%
1 year	7.00%	1.25%

Indicative Cross Rates

	Bid	Offer
	EUR/USD	1.1272
GBP/USD	1.3231	1.3899
USD/AED	3.6520	3.6925
USD/JPY	108.39	116.70

For more details, contact our Treasury staff Mary, Bernard, Loryne Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/54/55. 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.