

DAILY FOREX NEWSLETTER

Thursday, 11th December 2020

Local Markets:

The Kenyan shilling held steady on Thursday due to subdued demand for hard currency.

Top News:

- Oil rose around 1% on Friday, extending a sharp rally overnight that saw Brent rise above \$50 for the first time since March, as coronavirus vaccination rollouts kept hopes alive that demand for crude would build up next year.
- Asian shares bounced back on Friday as progress on COVID-19 vaccines boosted investor sentiment, but tricky Brexit negotiations and U.S. stimulus talks capped gains in riskier assets.

International Markets

USD: The dollar was down on Friday morning in Asia, after investors retreated from the safe-haven asset amid growing hopes of a COVID-19 recovery and caused markets to be heavily short dollars. The pound was up despite doubts on both sides about a resolution to the Brexit trade talks between the U.K. and the European Union (EU).

GBP: GBP/USD trims intraday gains while easing from 1.3324. UK PM Johnson cites a "strong possibility" of no-deal Brexit. Brexit updates from Brussels, US data and stimulus news will be the key. GBP/USD recedes to 1.3310 while heading into the London open on Friday. In doing so, the Cable consolidates the heaviest losses in over a month. Although the US dollar weakness keeps the pair buyers hopeful, recent pessimism concerning Brexit highlights fears of a no-deal Brexit and can weigh on the quote.

EUR: EUR/USD gains 0.21%, extending Thursday's 0.4% rise. The ECB boosted stimulus as expected, but sounded less dovish than expected. The dollar remains on the offer on expectations for global recovery and US fiscal stimulus. The European Central Bank's (ECB) less pessimistic tone during Thursday's monetary policy decision has set the stage for a continued rally in EUR/USD.

INR: The Indian rupee was at 73.6450/ 73.6550 to the dollar, against 73.6550/ 73.6650 in the previous session, amid moderate moves on Asian peers following weak U.S. data and a new stimulus by the European Central Bank. The benchmark BSE Sensex and the broader NSE index hit fresh record highs and were last trading up by 0.51% and 0.48%, respectively, as bets of a faster economic recovery continued to support. Financial stocks HDFC and ICICI Bank led the gains.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 109.75 | 112.50 | | | |
| GBP/KES | 146.40 | 149.65 | GBP/USD | 1.3340 | 1.3390 |
| EUR/KES | 132.20 | 135.95 | EUR/USD | 1.2185 | 1.2140 |
| INR/KES | | 1.5450 | AUD/USD | 0.7580 | 0.7497 |
| | | | USD/INR | 73.48 | 73.53 |
| | | | Commodities | | |
| | | | Gold | 1837 | 1841 |
| | | | Brent Crude | 50.35 | 49.11 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 6.901% | 6.861% |
| 182 Days | 7.363% | 7.333% |
| 364 Days | 8.246% | 8.204% |
| | | |

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.