

DAILY FOREX NEWSLETTER

Wednesday, 16th December 2020

Local Markets:

The Kenyan shilling weakened slightly against the dollar on Tuesday due to dollar demand from merchandise importers doing last minute purchases before the Christmas holiday.

Top News:

- Oil prices dropped on Wednesday on a surprise gain in crude oil inventories in the United States and as investors continued to worry about demand for fuel being squeezed amid tighter lockdowns in Europe to counter the coronavirus pandemic.
- Asian stocks rose on Wednesday as hopes of effective coronavirus vaccines and the growing prospect of more U.S. fiscal stimulus cheered investors ahead of the Christmas holiday season.

International Markets

USD: The dollar languished near 2 1/2-year lows on Wednesday as progress toward a massive U.S. government spending bill and COVID-19 relief measures whetted risk appetite, sapping demand for the safest assets.

GBP: GBP/USD on the offers near 1.3450 despite Brexit optimism, stimulus hopes. GBP/USD remains pressured around 1.3450, trimming the heaviest gains since December 01. Irish PM Martin eyes clarity on a Brexit deal by the weekend, Speculation remains rife over a potential deal while markets await the Fed and US stimulus talks.

EUR: EUR/USD's recent trading range intact despite the US stimulus optimism. The US Congress vows to break the fiscal impasse before the year-end. Eurozone PMIs could show a renewed coronavirus-induced economic slowdown. While EUR/USD has gained some positive traction, it is yet to exit its recent trading range of 1.2059 to 1.2178. Stimulus hopes weigh over USD. The pair is currently trading 0.10% higher on the day at 1.2162, and the dollar is trading near 32-month lows against majors

INR: The Indian rupee was higher against the U.S. currency and was at 73.51/ 73.52, against 73.64/ 73.65 in the previous session, tracking the uptick in regional currencies and equities ahead of the Federal Reserve's policy review. The benchmark 5.77% bond maturing in 2030 was at 98.73 rupees, yielding 5.94%, against 98.75 rupees, yielding 5.94%, at previous close, ahead of U.S. Federal Reserve's policy decision later today and the central bank's special open market operation tomorrow.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 109.85 | 112.50 | | | |
| GBP/KES | 148.10 | 150.95 | GBP/USD | 1.3490 | 1.3360 |
| EUR/KES | 134.50 | 136.45 | EUR/USD | 1.2195 | 1.2180 |
| INR/KES | | 1.5410 | AUD/USD | 0.7590 | 0.7540 |
| | | | USD/INR | 73.41 | 73.51 |
| | | | Commodities | | |
| | | | Gold | 1857 | 1835 |
| | | | Brent Crude | 50.64 | 49.95 |

T-Bills Rates:

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

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