

DAILY FOREX NEWSLETTER

Friday, 18th December 2020

Local Markets:

The Kenyan traded steady against the dollar on Thursday amid sluggish activity as companies were closing down for end-of-year holidays.

Top News:

- Gold eased on Friday but was on track to post its third consecutive weekly gain on growing expectations for additional stimulus measures in the United States.
- Oil prices eased on Friday but stayed within touching distance of nine-month highs hit overnight as soaring Covid-19 cases weigh on fuel demand and U.S. lawmakers continue to battle over a \$900 billion economic stimulus package.

International Markets

USD: The dollar has sunk through major support levels and looked set for its worst week in a month on Friday, as its accelerating slide sucked in more short sellers keen to make an easy buck. It has slumped to a nine-month low against the safe-haven yen, even though investors have been gobbling up risky assets all week, and fallen to multi-year lows against the euro, pound, Aussie, kiwi and Canadian dollar. Short positions in the dollar stood not far below nine-year highs last week and news in recent days of vaccine rollouts, progress in Brexit trade talks and U.S. stimulus negotiations has only strengthened dollar bears' resolve.

GBP: GBP/USD dips below key average, eyes ascending trendline support. The hourly chart indicator shows a bearish pattern. The US dollar is witnessing a broad-based oversold bounce and pushing GBP/USD lower. GBP/USD extends its retreat towards 1.3500 as Brexit deal hopes dry down. The spot was last seen trading at 1.3520, down 0.45% on the day at fresh session lows.

EUR: EUR/USD drops as the oversold US dollar charts broad-based recovery. The bulls need an above-forecast German IFO Expectations data to stall/reverse the decline. EUR/USD feels the pull of gravity on the US dollar's broad-based recovery. The losses could be reversed if the German IFO Expectations Index for December beats estimates. According to some analysts, the dollar looks oversold on technical charts with market positioning skewed a little too bearish and ripe for a bounce. "Perhaps it'll come from a bit of January repositioning," Kyle Rodda, market analyst for IG Australia, tweeted early Friday.

INR: The rupee on Friday opened 4 paise higher at 73.54 against the US dollar following some selling in American currency by banks and exporters amid sustained inflows by foreign institutional investors. Earlier, the local currency gained in the first half of the session on Thursday following sharp gains in domestic equities and weakness in the dollar against its major crosses.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	109.85	112.60			
GBP/KES	147.50	152.60	GBP/USD	1.3530	1.3555
EUR/KES	134.20	138.10	EUR/USD	1.2245	1.2235
INR/KES		1.5730	AUD/USD	0.7590	0.7600
			USD/INR	73.45	73.40
			Commodities		
			Gold	1888	1872
			Brent Crude	51.24	51.62

T-Bills Rates:

Duration	Current	Previous
91 Days	6.916%	6.901%
182 Days	7.399%	7.363%
364 Days	8.283%	8.246%

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