

DAILY FOREX NEWSLETTER

Wednesday, 23rd December 2020

Local Markets:

The Kenyan Shilling gained grounds on Tuesday due to commercial banks selling dollars and reduced demand as companies close for the holiday season.

Top News:

- Gold prices edged higher on Wednesday as grim U.S. consumer and housing data bolstered hopes for further stimulus to support an economic recovery from the pandemic-induced slump.
- Oil fell in early trade on Wednesday after industry data showed U.S. crude oil stocks rose last week, defying expectations for a decline, and U.S. President Donald Trump rattled markets by threatening not to sign a long-awaited Covid-19 relief bill.

International Markets

USD: The dollar was down on Wednesday morning in Asia, despite caution over the new B.1.1.7 strain of the COVID-19 virus pushing investors turn toward safe-haven assets. The discovery of the B.1.1.7 strain, first seen in the U.K., saw London and southeastern England put under Tier 4 lockdowns. The Philippines banned all U.K. flights from Dec. 24 earlier in the day, joining over 40 countries that have closed their borders to the U.K. and causing travel chaos just a few days before Christmas. With the U.K. government also negotiating a post-Brexit deal with the European Union (EU), some investors expected dollar weakness to continue in the short term.

GBP: GBP/USD extends Tuesday's corrective pullback from 1.3304. EU vows 'final push' in Brexit talks despite differences over fisheries, levels playing field. More parts of the UK will be under Tier 4 lockdown from December 24. US President Trump obstructs stimulus but House Speaker Pelosi stays ready to propel the paycheck amount.

EUR: EUR/USD sustains the 40-pips Asian bounce. USD remains offered amid stimulus blockage, virus woes. US data dump and virus updates closely eyed. EUR/USD consolidates the Asian bounce ahead of the European open, as the US dollar holds the lower ground amid mixed market sentiment. The sentiment remains cautiously optimistic, with markets eagerly awaiting a Brexit trade deal breakthrough while on the other hand, US President obstructed a \$900 billion covid stimulus, calling the bill as a disgrace.

INR: The rupee pared most of its initial losses and settled for the day 5 paise lower at 73.84 (provisional) against the US dollar on Tuesday, tracking a rebound in domestic equities. At the interbank forex market, the domestic unit opened at 73.95 against the US dollar and witnessed an intra-day high of 73.82 and a low of 73.95. The local unit finally closed at 73.84 against the American currency, registering a fall of 5 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.20	111.55			
GBP/KES	144.10	149.85	GBP/USD	1.3410	1.3390
EUR/KES	132.40	136.30	EUR/USD	1.2195	1.2225
INR/KES		1.5515	AUD/USD	0.7555	0.7565
			USD/INR	73.80	73.80
			Commodities		
			Gold	1870	1879
			Brent Crude	49.30	50.01

T-Bills Rates:

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

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.