

# DAILY FOREX NEWSLETTER

Monday, 28<sup>th</sup> December 2020

## Local Markets:

The Kenyan Shilling was stable on Thursday amid little activity ahead of the Christmas holidays.

## Top News:

- Gold prices jumped 1% on Monday as the metal's appeal as an inflation hedge was boosted by news that U.S. President Donald Trump had signed a long-awaited coronavirus relief aid bill.
- Oil was down on Monday morning in Asia, with continuing fuel demand worries overshadowing news that U.S. President Donald Trump signed off on the latest stimulus measures.

## International Markets

**USD:** The dollar shrugged off news of President Trump relenting on a threat to block a Covid-19 aid bill in thin trading on Monday with many investors on holiday. Trump signed into law the \$2.3 trillion pandemic aid and spending package, officials said on Sunday night, averting a partial federal government shutdown. Earlier he had cryptically tweeted, "Good news on Covid Relief Bill. Information to follow!" He had previously demanded an increase in stimulus checks for struggling Americans to \$2,000 from \$600.

**GBP:** GBP/USD fades recovery moves from 1.3530 even as DXY drops amid broad risk-on mood. Doubts over level playing field, financial services weigh on Brexit optimism. Trump signs the much-awaited American stimulus package, UK Scientists warn of a surge in hospitalizations. Off in Britain, lack of US data/events keeps risk catalysts on the driver's seat amid a dull day. GBP/USD cools down the upside momentum, portrayed early in Asia while easing to 1.3560 ahead of Monday's European open. The cable initially cheered the US dollar's broad weakness on the passage of the US coronavirus (COVID-19) stimulus.

**EUR:** EUR/USD trades at 1.2215 versus 1.2179 in early Asia. President Trump signs the coronavirus package, sending the dollar lower. The EUR bulls need to establish a foothold above 1.22. EUR/USD is better bid and challenging critical resistance zone on Monday, with the safe-haven dollar nursing across-the-board losses on President Trump's decision to sign the much-needed coronavirus relief package. The currency pair is currently trading near 1.2215, representing a nearly 0.30% gain on the day.

**INR:** Mumbai, Consistent foreign fund inflows along with a Brexit trade deal will lead further appreciation in Indian Rupee as the currency ends 2020 on a high note. However, rupee has been a laggard in 2020, as the currency did not appreciate much despite record inflows. On the other hand, India's forex reserves continued to rise, indicating, an active Reserve Bank which has kept rupee in a check, to make exports competitive.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.10	109.60			
GBP/KES	144.10	149.00	GBP/USD	1.3570	1.3560
EUR/KES	130.60	134.25	EUR/USD	1.2220	1.2210
INR/KES		1.5350	AUD/USD	0.7615	0.7590
			USD/INR	73.50	73.60
			Commodities		
			Gold	1893	1880
			Brent Crude	51.12	51.58

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.929%	6.916%
182 Days	7.403%	7.399%
364 Days	8.338%	8.283%

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.