

DAILY FOREX NEWSLETTER

Tuesday, 29th December 2020

Local Markets:

The Kenyan Shilling was firm on Monday, boosted by thin dollar demand from importers and tight liquidity in the money market.

Top News:

- Gold prices rose on Tuesday as the dollar eased, while investors kept a close watch on a U.S. Senate vote on increased pandemic aid checks to individuals.
- Oil rose on Tuesday, for the third time in four sessions, on expectations for rising fuel demand as the United States may expand their pandemic aid payments and a final Brexit deal is set to stabilize trade between Europe and the UK.

International Markets

USD: The dollar languished near a 2-1/2-year low on Tuesday with demand for safe-havens flagging as U.S. lawmakers pushed forward with a Covid-19 relief package. The House of Representatives voted on Monday to increase stimulus payments to qualified Americans to \$2,000 from \$600, sending the measure on to the Senate for a vote. Last week's Brexit agreement, while bare bones, also supported the outlook for global growth, lifting Asian stocks on Tuesday following Wall Street gains. Short positions on the dollar swelled in the week ended Dec. 21 to \$26.6 billion, the highest in three months, according to Reuters' calculations based on data released by the Commodity Futures Trading Commission on Monday.

GBP: GBP/USD trims the biggest losses in one week as buyers battle intraday high near 1.3500. Britain registers record high COVID-19 cases, study suggests the need to vaccinate two million a week to prevent a third wave. UK-Spain talks progress over Gibraltar border, British businesses asked to prepare for a smooth exit. US House passes covid aid paycheck, Senate moves become the key. GBP/USD eases from intraday high to 1.3483, up 0.33% on a day, while heading into the London open on Tuesday.

EUR: EUR/USD extends Monday's recovery moves as bulls flirt with intraday high. US House passes \$2,000 paycheck, turns down Trump's veto over defense bill. Republicans eye blocking the heavy stimulus in Senate. Light calendar keeps risk catalysts on the driver's seat. EUR/USD eases from the day's top of 1.2243 to 1.2240, up 0.21% intraday, while heading into Tuesday's European session. In doing so, the pair bulls cheer broad risk-on sentiment that drags the US dollar downward.

INR: The rupee appreciated by 6 paise to close at 73.49 (provisional) against the US dollar on Monday, tracking weakness in the American currency and positive domestic equities. The sustained foreign fund inflows also supported the rupee. The local unit finally settled at 73.49 against the American currency, registering a rise of 6 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.10	109.60			
GBP/KES	143.20	148.10	GBP/USD	1.3485	1.3570
EUR/KES	130.60	134.50	EUR/USD	1.2245	1.2220
INR/KES		1.5250	AUD/USD	0.7600	0.7615
			USD/INR	73.30	73.50
			Commodities		
			Gold	1880	1893
			Brent Crude	51.19	51.12

T-Bills Rates:

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

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