

# DAILY FOREX NEWSLETTER

Tuesday, 12<sup>th</sup> January 2021

## Local Markets:

The Kenyan shilling was steady on Monday and it was expected to weaken due to dollar demand from the energy sector.

## Top News:

- Gold prices steadied on Tuesday as Asian stocks traded lower, dragged by political unrest in Washington and rising global Covid-19 cases, outweighing a firmer dollar and U.S. Treasury yields.
- Oil prices slipped on Tuesday as investors remained concerned about climbing coronavirus cases globally, though an anticipated drawdown in crude oil inventory in the United States for a fifth straight week stemmed losses.

## International Markets

**USD:** The dollar held four days of gains against major peers on Tuesday as the prospect of massive fiscal stimulus pushed U.S. yields higher. President-elect Joe Biden, who takes office on Jan. 20 with his Democratic party in control of both Houses, has promised “trillions” in extra pandemic-relief spending. The dollar index has rebounded from a nearly three-year low reached last week as the benchmark 10-year U.S. Treasury yield topped 1% for the first time since March and rose as high as 1.148% overnight. The support from rising yields has so far trumped worries that the extra spending could trigger faster inflation, which ordinarily would make the greenback less attractive.

**GBP:** GBP/USD eases inside the 30-pip trading range after four consecutive days of declines. UK Chancellor Sunak said, “the economy will get worse before it gets better.” UK Health Secretary Matt Hancock signaled further activity restrictions. Political turmoil in the US, stimulus and vaccine hopes entertain traders amid a light calendar. Even so, the quote remains sluggish inside a short-term trading range between 1.3500 and 1.3530 as comments from British policymakers suggest the worst isn’t over as far as the coronavirus (COVID-19) led economic challenges are concerned.

**EUR:** EUR/USD has violated support of the 23.6% Fibonacci retracement of the Nov-Jan rally. Risk reversal on EUR/USD hits a multi-month low on put demand. The US dollar tracks the longer duration Treasury yields higher. EUR/USD looks south, having found acceptance under widely tracked Fibonacci retracement support. Options market data shows the strongest bearish bias in at least two months.

**INR:** The rupee depreciated by 16 paise to close at 73.40 (provisional) against the US dollar on Monday, tracking a rebound in the American currency overseas. At the interbank forex market, the domestic unit opened at 73.47 against the US dollar and witnessed an intra-day high of 73.37 and a low of 73.50. The local unit finally settled at 73.40, registering a fall of 16 paise over its previous close.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.40	110.30			
<b>GBP/KES</b>	144.50	149.80	<b>GBP/USD</b>	1.3545	1.3505
<b>EUR/KES</b>	130.20	134.35	<b>EUR/USD</b>	1.2155	1.2180
<b>INR/KES</b>		1.5300	<b>AUD/USD</b>	0.7710	0.7705
			<b>USD/INR</b>	73.30	73.40
			<b>Commodities</b>		
			<b>Gold</b>	1858	1838
			<b>Brent Crude</b>	55.82	55.39

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.895%	6.906%
182 Days	7.479%	7.400%
364 Days	8.363%	8.348%

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