

DAILY FOREX NEWSLETTER

Wednesday, 13th January 2021

Local Markets:

The Kenyan shilling weakened on Tuesday due to increased dollar demand from the energy sector.

Top News:

- Gold prices edged up on Wednesday as a recent rally in the U.S. dollar and Treasury yields hit a pause, while rising coronavirus cases worldwide also boosted appeal for the safe-haven metal.
- Oil prices rose on Wednesday, with U.S. crude gaining for a seventh day, after an industry report showed a further drop in inventories and investors shrugged off worsening developments in the pandemic.

International Markets

USD: The dollar was down on Wednesday morning in Asia, with a retreat in U.S. Treasury yields sapping momentum from the U.S. currency's recent rally and investors cautiously resumed bets on a continuous slide for the dollar. Benchmark 10-year Treasury yields fell nearly 7 basis points from a 10-month high seen on Tuesday, in turn snuffing out the dollar's three-day rally and pushing it back towards multi-year lows.

GBP: GBP/USD eases from eight-day top after posting the heaviest gains in 10 weeks the previous day. BOE's Bailey ruled out negative rates, UK government forced to set up temporary morgues amid virus-led challenges to healthcare system. Brexit costs more to UK fisheries, Brussels-London will talk finance cooperation soon. US policymaker push for Trump impeachment, President-elect Biden's stimulus and virus woes eyed. GBP/USD steps back from the weekly top of 1.3693 to 1.3680, up 0.15% intraday, while heading into London open on Wednesday.

EUR: EUR/USD trades above 1.22 as US yields retreat from multi-month highs. The pullback in yields could be temporary as US fiscal stimulus expectations persist. Some analysts say the dollar's yield-driven rally could be transient. The US CPI and Lagarde's speech could influence market trends on Wednesday. EUR/USD is extending Tuesday's gain with the US Treasury yields losing altitude and causing a broad-based decline in the US dollar. The pair is trading above 1.2210 at press time, representing a 0.10% gain on the day, having carved out a bullish inside day candle on Tuesday.

INR: The rupee recouped early losses and provisionally closed 15 paise higher at 73.25 against the US dollar on Tuesday, supported by weakness in the dollar index and recovery in domestic equities. At the interbank forex market, the rupee opened weak at 73.42, but recovered lost ground and finished 15 paise higher over its last close. During the trading session, the domestic unit witnessed an intra-day high of 73.24 and a low of 73.44.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.50	110.40			
GBP/KES	146.10	151.40	GBP/USD	1.3685	1.3545
EUR/KES	131.00	135.15	EUR/USD	1.2215	1.2155
INR/KES		1.5300	AUD/USD	0.7765	0.7710
			USD/INR	73.05	73.30
			Commodities		
			Gold	1857	1858
			Brent Crude	57.24	55.82

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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