

DAILY FOREX NEWSLETTER

Thursday, 14th January 2021

Local Markets:

The Kenyan shilling weakened on Wednesday, undermined by demand from the manufacturing sector and general goods importers.

Top News:

- Gold was down on Thursday morning in Asia, with investors awaiting details on U.S. President-elect Joe Biden's plans for further stimulus measures.
- Oil was down Thursday morning in Asia, with investors weighing the ever-rising number of COVID-19 cases and the impact for fuel demand against a fifth consecutive week of declines in U.S. crude oil supply.

International Markets

USD: The dollar extended its rebound from near three-year lows versus major peers on Thursday, supported by higher U.S. yields, as President-elect Joe Biden prepared to outline his plans for massive fiscal stimulus. The dollar index held onto gains made on Wednesday in early Asian trading as investors continued to unwind bearish bets. The dollar has risen in four of the past five trading sessions as the prospect of more stimulus has weighed on U.S. government bonds, sending the benchmark Treasury yield above 1% for the first time since March.

GBP: GBP/USD picks up fresh bids amid risk-on mood. DXY and Treasury yields bounce to cap cable's upside. Eyes on US data, Powell and Biden's speech amid UK covid updates. Fresh bids emerged once again near the 1.3615 region, allowing a bounce in GBP/USD back towards 1.3650 ahead of the European session. Despite the quick pullback, the bulls remain cautious ahead of the critical US weekly jobless claims data and a scheduled speech by the Fed Chair Jerome Powell. Investors will watch out for any hints on tapering amidst ongoing chatter over the taper talks, although many of the Fed officials dismissed the chances of tapering.

EUR: EUR/USD trades at 1.2145 versus 1.2172 in early Asia. Prospects of bigger-than-expected US fiscal stimulus push Treasury yields and US dollar higher. President-elect Joe Biden is reportedly considering a \$2 trillion stimulus plan. EUR/USD is trading near crucial support at 1.2140, as the US dollar and Treasury yields are cheering reports that the US President-elect Joe Biden is considering a bigger-than-expected stimulus package. According to CNN, Biden is expected to unveil a Covid-19 relief package worth \$2 trillion on Thursday.

INR: The Indian rupee strengthened gains for the second straight day and closed 10 paise higher at 73.15 against the US dollar on Wednesday, tracking upbeat Asian currencies and sustained foreign fund inflows. At the interbank forex market, the rupee opened at 73.16, and hit an intra-day high of 73.10 and a low of 73.23. It finally finished at 73.15, higher by 10 paise over its last close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.70	110.50			
GBP/KES	145.80	151.20	GBP/USD	1.3640	1.3685
EUR/KES	130.60	134.75	EUR/USD	1.2155	1.2215
INR/KES		1.5340	AUD/USD	0.7760	0.7765
			USD/INR	73.05	73.05
			Commodities		
			Gold	1844	1857
			Brent Crude	55.99	57.24

T-Bills Rates:

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

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.