

DAILY FOREX NEWSLETTER

Friday, 15th January 2021

Local Markets:

The Kenyan shilling was stable on Thursday and was expected to weaken due to increased importer dollar demand.

Top News:

- Gold rose on Friday as U.S. President-elect Joe Biden unveiled a massive stimulus plan, while U.S. Federal Reserve Chair Jerome Powell's commitment to keep monetary policy dovish further boosted the metal's appeal.
- Oil was steady near a 10-month high on optimism that a potential U.S. stimulus package may boost spending and lift fuel demand.

International Markets

USD: The dollar's rebound from a nearly three-year low faltered after Federal Reserve Chair Jerome Powell said on Thursday that interest rates would not rise any time soon. The release of details of President-elect Joe Biden's \$1.9 trillion stimulus later that day failed to give the greenback additional support, with the main points of the plan already reported by the media. The dollar index has rallied after reaching its lowest level since March 2018 last week, as the prospect of more stimulus weighed on U.S. government bonds, sending the benchmark 10-year Treasury yield above 1% for the first time since March.

GBP: GBP/USD in upside consolidation amid subdued DXY. Fed's Powell downed the US dollar, Biden failed to impress. Focus shifts to the UK data dump and US Retail Sales. Having faced rejection at 1.3700 on several occasions in Friday's Asian trading so far, GBP/USD is consolidating the overnight gains led by broad-based US dollar sell-off. The greenback got sold-off into the Fed Chairman Jerome Powell's comments on the interest rates after he said that the time to raise the interest rates is no time soon.

EUR: Biden's stimulus announcement fails to move the needle in currency markets. EUR/USD trades in a sideways manner near 1.2155. Thursday's indecisive Doji candle has neutralized immediate bearish bias. The US President-elect Joe Biden unveiled a much-anticipated coronavirus rescue plan a few minutes before press time, promising \$2,000 in stimulus cheques to Americans, social equity, infrastructure spending, and a potential minimum wage of \$15 per hour. However, Biden did not give away the total size of the stimulus program, which, according to media reports released early Friday, is \$1.9 trillion.

INR: The rupee gained for the third straight day and closed 11 paise higher at 73.04 against the US dollar on Thursday, supported by sustained foreign fund inflows and weak American currency. At the interbank forex market, the rupee opened at 73.18 and hit an intra-day high of 72.97 and a low of 73.18. It finally finished at 73.04, higher by 11 paise over its last close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.80	110.70			
GBP/KES	146.50	151.70	GBP/USD	1.3680	1.3640
EUR/KES	130.70	134.80	EUR/USD	1.2150	1.2155
INR/KES		1.5375	AUD/USD	0.7760	0.7760
			USD/INR	72.95	73.05
			Commodities		
			Gold	1850	1844
			Brent Crude	56.02	55.99

T-Bills Rates:

Duration	Current	Previous
91 Days	6.884%	6.895%
182 Days	7.522%	7.479%
364 Days	8.445%	8.363%

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