

DAILY FOREX NEWSLETTER

Monday, 18th January 2021

Local Markets:

The Kenyan Shilling on Friday was expected to weaken due to increased dollar demand from importers and companies preparing to pay dividends to their offshore investors.

Top News:

- Gold prices dropped to their lowest in 1-1/2 months on Monday, as a stronger U.S. dollar made bullion expensive for other currency holders, despite expectations of a large Covid-19 relief package in the United States.
- Oil prices fell on Monday, extending losses that last week ended a rally driven by production cuts and strong Chinese demand, with the market's recovery outlook being called into question as coronavirus infections rise.

International Markets

USD: — The dollar was slightly up on Monday morning in Asia, holding onto gains seen at the end of the previous week, as investors turned to the safe-haven asset amid disappointing U.S. economic data and the rising number of COVID-19 cases. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.05% to 90.800, staying near a one-month high of 90.887 seen earlier in the session. The euro, which saw a surge in 2020, has slipped more than 2% in 2021 and touched a six-week low over ever-increasing COVID-19 cases and an Italian political crisis that is casting doubts over the region's economic recovery.

GBP: GBP/USD drops to the fresh low since December 12. UK's covid numbers ease ahead of second phase of virus vaccination but the weekend readings are less reliable. Activity restrictions jump in the UK, travel corridors close. American virus figures stay high but political play, risk-off mood favor US dollar amid off in Washington.

GBP/USD stays on the back foot near the intraday low, also the lowest since last Tuesday, while trading around 1.3565, down 0.15% on a day, ahead of Monday's London session open.

EUR: EUR/USD stays heavy near the lowest in six weeks. Italian PM Conte faces a confidence vote in lower house. Virus numbers rise in the US, Europe. Eurogroup meeting, Italian CPI will decorate the calendar amid US off. EUR/USD remains depressed around 1.2070, down 0.05% intraday, while heading into the European session open on Monday. The major currency pair earlier dropped to the fresh lows since December 09 as the US dollar began the week on a front-foot.

INR: The rupee snapped its three-session winning streak and settled for the day 3 paise lower at 73.07 (provisional) against the American currency on Friday, tracking weaker Asian peers and heavy selloffs in domestic equities. At the interbank forex market, the rupee opened at 73.07 and hit an intra-day high of 72.99 and a low of 73.15.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.80	110.60			
GBP/KES	146.40	150.55	GBP/USD	1.3575	1.3680
EUR/KES	129.90	134.00	EUR/USD	1.2080	1.2150
INR/KES		1.5325	AUD/USD	0.7695	0.7760
			USD/INR	73.20	72.95
			Commodities		
			Gold	1836	1850
			Brent Crude	54.68	56.02

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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