

# DAILY FOREX NEWSLETTER

Tuesday, 19<sup>th</sup> January 2021

## Local Markets:

The Kenyan Shilling was stable on Monday mainly due to supplies of dollars matching demand.

## Top News:

- Gold prices inched higher on Tuesday after hitting a 1-1/2-month low in the previous session, as hopes of further global stimulus to stem the economic toll from the Covid-19 pandemic countered a firmer dollar.
- Oil was mixed Tuesday morning in Asia, with investors weighing optimism that further stimulus measures will buoy economic growth against mounting fears for fuel demand as COVID-19-induced lockdowns continue globally.

## International Markets

**USD:** The dollar hovered around its highest in nearly one month on Tuesday with traders expecting U.S. Treasury Secretary nominee Janet Yellen to affirm a more traditional commitment to market-set currency rates when she testifies at Capitol Hill later. President-elect Joe Biden's pick to head the Treasury is prepared to say the United States "doesn't seek a weaker currency to gain competitive advantage," returning to a more traditional posture after outgoing President Donald Trump often railed against dollar strength.

**GBP:** GBP/USD stays mildly positive while picking up bids above 1.3600. Brexit deal reaches the House of Commons for revoting, UK-China tussle intensifies. UK NHS Chairwoman fears the pandemic will throw unpredicted problems. The incoming US Treasury Secretary Janet Yellen's speech, Brexit chatters and virus updates will be the key amid light calendar. GBP/USD extends the previous day's recovery moves above 1.3600, currently up 0.15% intraday around 1.3605, while heading into the London open on Tuesday. Concerns relating to the UK's ability to convince the European Union (EU) over losses in fisheries as well as vaccinations hopes to join the US dollar weakness to favor the bulls.

**EUR:** EUR/USD attempts recovery as the USD bulls turn cautious. Stimulus hopes-driven risk-on mood weighs on the greenback. Next of note remains the German ZEW, Yellen's hearings. EUR/USD trades close to 1.2100, holding onto the recovery mode ahead of the European open. The recovery in the risk sentiment amid expectations of additional fiscal stimulus is weighing on the safe-haven US dollar.

**INR:** The rupee plunged by 21 paise to settle at a week's low of 73.28 against the US dollar on Monday, tracking weak domestic equities and a rebound in the American currency. At the interbank forex market, the domestic unit opened at 73.21 against the greenback and swung between a low of 73.30 and a high of 73.18 during the session.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.80	110.70			
<b>GBP/KES</b>	145.50	151.00	<b>GBP/USD</b>	1.3610	1.3575
<b>EUR/KES</b>	130.10	134.25	<b>EUR/USD</b>	1.2100	1.2080
<b>INR/KES</b>		1.5345	<b>AUD/USD</b>	0.7710	0.7695
			<b>USD/INR</b>	73.10	73.20
			<b>Commodities</b>		
			<b>Gold</b>	1837	1836
			<b>Brent Crude</b>	54.94	54.68

## 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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