

DAILY FOREX NEWSLETTER

Wednesday, 20th January 2021

Local Markets:

The Kenyan Shilling was stable against the dollar on Tuesday as hard currency inflows from Kenyans abroad and offshore investors into the local debt market kept it well supported.

Top News:

- Gold prices rose on Wednesday as expectations for a massive U.S. stimulus to help the world's largest economy recover from the coronavirus jolt bolstered bullion's appeal as an inflation hedge and pressured the dollar.
- Oil prices rose in early trade on Wednesday, adding to solid gains overnight, on expectations the incoming U.S. administration will go ahead with massive stimulus spending that would boost fuel demand and draw down crude stocks.

International Markets

USD: The U.S. dollar nursed losses on Wednesday and the euro hung on to gains as investors' mood brightened in the wake of a better-than-expected sentiment survey in Germany and big spending talk from U.S. Treasury Secretary nominee Janet Yellen. Yellen's comments, urging lawmakers to "act big" on coronavirus relief and not worry too much about debt, helped assuage this week's risk averse tone and knocked the dollar index from a one-month high.

GBP: GBP/USD eases from the intraday high amid coronavirus, Brexit concerns. Risks also dwindle ahead of the UK inflation data, US President-elect Joe Biden's White House entry. UK PM Johnson warns EU over the extension of Brexit deal ratification, Britain marks highest daily covid deaths. GBP/USD drops to 1.3637 during Wednesday's Asian trading. In doing so, the cable reverses intraday gains after recently rising for two consecutive days. Market's cautious sentiment before Biden's inauguration ceremony and the UK Consumer Price Index (CPI) could be traced for the latest weakness in the pair prices.

EUR: EUR/USD rises as stock market gains keep the dollar under pressure. Yellen calls for big fiscal spending, powers risk assets higher. The spread between the US-Eurozone inflation expectations favors a drop in EUR/USD. Dollar sellers power EUR/USD higher to key technical hurdle as stocks markets across Asia cheer prospects of massive fiscal spending in the US. The US 10-year breakeven rate, which represents how the market foresees long-term price pressures, rose to 2.10% on Tuesday to hit the highest level since Oct. 22, 2018.

INR: The rupee gained 11 paise to settle at 73.17 (provisional) against the US dollar NSE 1.90 % on Tuesday on the back of rally in domestic equities and weak American currency. At the interbank forex market, the rupee opened at 73.16, and hit an intra-day high of 73.14 and a low of 73.31. It finally finished at 73.17, 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	146.20	151.50	GBP/USD	1.3660	1.3575
EUR/KES	130.65	134.75	EUR/USD	1.2145	1.2080
INR/KES		1.5300	AUD/USD	0.7730	0.7695
			USD/INR	73.10	73.20
			Commodities		
			Gold	1848	1836
			Brent Crude	56.21	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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