

DAILY FOREX NEWSLETTER

Thursday, 21st January 2021

Local Markets:

The Kenyan Shilling held steady against the dollar on Wednesday and it was likely to take its direction from the level of demand for dollars from importers at the end of the month.

Top News:

- Gold eased from a two-week high on Thursday as investors booked profits after prices jumped in the previous session on hopes of a massive U.S. stimulus package under the new Joe Biden administration.
- Oil was down on Thursday morning in Asia, with investors digesting a small but surprising build in U.S. crude oil supplies that re-ignited fuel demand worries.

International Markets

USD: The dollar held losses versus most major peers on Thursday as optimism that a massive U.S. stimulus package under the new Joe Biden administration will bolster growth sapped demand for safe-haven currencies. Riskier commodity currencies remained higher after U.S. stocks rose to new records overnight as Biden, who has laid out plans for a \$1.9 trillion pandemic relief package, was sworn in as President. The dollar tumbled to a three-year low against its Canadian counterpart on Wednesday after the Bank of Canada opted not to cut interest rates.

GBP: GBP/USD rises for the fourth consecutive day, attacks intraday high, after refreshing the multi-year top the previous day. Biden's swearing-in ceremony as the 46th US President lifted the mood; vaccines are also the reason for market optimism. UK's covid-led deaths jump to record to, PM Johnson says figures are appalling. Britain's top scientist Sir Patrick Vallance said UK remains in a very "dangerous situation". GBP/USD wavers around the intraday top of 1.3684 while heading into Thursday's London open. The cable refreshed the highest levels seen since May 2018 after Wednesday's upbeat British inflation data backed BOE Governor Andrew Bailey's rejection to negative rates.

EUR: EUR/USD has witnessed a bull market pullback ahead of ECB's rate decision. The central bank is expected to maintain the status quo on interest rates and bond purchases. The ECB may attempt to talk down the euro, with the economy facing recession risk. EUR/USD's rally has stalled over the past two weeks, and the pair could suffer deeper losses if the European Central Bank (ECB) expresses displeasure over the single currency's strength on Thursday. At press time, the currency pair is trading near 1.2130, representing a 0.3% gain on the day.

INR: Rising for the second session on the trot, the rupee finished 12 paise higher at 73.05 against the US dollar on Wednesday amid a rally in domestic equities and a weak greenback overseas. At the interbank forex market, the rupee opened at 73.11, and hit an intra-day high of 73.05 and a low of 73.14. It finally closed at 73.05, higher by 12 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	151.90	GBP/USD	1.3695	1.3660
EUR/KES	130.60	134.70	EUR/USD	1.2140	1.2145
INR/KES		1.5580	AUD/USD	0.7780	0.7730
			USD/INR	71.95	73.10
			Commodities		
			Gold	1873	1848
			Brent Crude	55.95	56.21

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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