

DAILY FOREX NEWSLETTER

Monday, 25th January 2021

Local Markets:

The Kenyan Shilling edged down on Friday due to demand from energy importers as we head to end month.

Top News:

- Gold prices gained on Monday as the dollar eased and hopes that a massive economic stimulus in the world's largest economy would be passed remained intact.
- Oil prices slipped for a second straight session on Monday as renewed Covid-19 lockdowns raised fresh concerns about global fuel demand.

International Markets

USD: The U.S. dollar stabilized on Monday after a recent decline as fresh worries about the coronavirus and the global economy prompted investors to hang on to the safe-haven currency. But analysts said the dollar could resume its fall if the U.S. Federal Reserve reaffirms its commitment to a highly accommodative monetary policy at its rate meeting later this week – as widely expected. Federal Reserve Chair Jerome Powell is expected to signal he has no plan to wind back the Fed's massive stimulus any time soon when the central bank concludes its policy review on Wednesday.

GBP: GBP/USD refreshes intraday high while extending late Friday's bounce off 1.3635. US dollar weakens as stimulus optimism offset virus woes; US President Biden set to recall travel ban on the UK. Dutch riots, fears that vaccinated Britons could still pass virus mutations weigh on the risks. BOE's Bailey will speak at the World Economic Forum, comments on negative rates will be eyed closely. GBP/USD buyers flirt with 1.3700, recently intraday high of 1.3708, while heading into the London open on Monday. In doing so, the cable follows the general trend of cheering US dollar weakness while failing to highlight the coronavirus (COVID-19) worries at home.

EUR: EUR/USD trades near 1.2175 versus 1.2160 in Asia. German IFO Expectations for January is seen ticking higher. Rising coronavirus cases, skepticism about Biden's ability to deliver stimulus pose downside risks. EUR/USD's recovery rally will likely gather steam if a forward-looking German data beats estimates, overshadowing bearish macro factors. The German IFO Expectations index is seen rising to 93.2 in January from December's 92.8. The IFO Expectations released by the CESifo Group is an early indicator of current conditions and business expectations for the next six months.

INR: The rupee clawed back lost ground towards the fag-end of the session and settled with a marginal 2 paise gain at 72.97 against the US dollar on Friday, supported by easing crude oil prices. At the interbank foreign exchange market, the domestic unit opened lower and traded in the negative territory most part of the session, tracking a massive selloff in domestic equities.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.60	110.50			
GBP/KES	148.00	151.75	GBP/USD	1.3720	1.3715
EUR/KES	132.05	134.80	EUR/USD	1.2185	1.2175
INR/KES		1.5345	AUD/USD	0.7745	0.7750
			USD/INR	72.90	72.95
			Commodities		
			Gold	1851	1861
			Brent Crude	55.21	55.45

T-Bills Rates:

Duration	Current	Previous
91 Days	6.983%	6.884%
182 Days	7.508%	7.522%
364 Days	8.508%	8.445%

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