

# DAILY FOREX NEWSLETTER

Tuesday, 26<sup>th</sup> January 2021

## Local Markets:

The Kenyan Shilling was stable against the dollar on Monday, as the markets awaited a rate setting meeting by the central bank later in the week.

## Top News:

- Gold prices firmed on Tuesday as U.S. Treasury yields eased and the metal's appeal as an inflation hedge was boosted by expectations that a large U.S. stimulus would be passed eventually.
- Oil prices eased on Tuesday, giving up some of the previous session's gains, as hopes for rapid approval of new U.S. economic stimulus faded while new coronavirus infections around the world mount up.

## International Markets

**USD:** The U.S. dollar steadied on Tuesday as rising coronavirus cases and doubts over the speed and size of U.S. stimulus tempered financial markets' upbeat mood, while investors were also cautious ahead of the Federal Reserve's review later in the week. In overnight trading, bonds rallied, hard-running U.S. equity markets cooled and the cautious move into safer assets lifted the dollar index a little bit to 90.353, which is roughly in the middle of a range it has kept for the past two weeks. Investors had thought that Democrats' control of U.S. Congress, won at Senate runoff elections in early January, could smooth the passage of enormous pandemic relief spending.

**GBP:** GBP/USD recovers from intraday low of 1.3660 in the latest uptick. Short-term symmetrical triangle restricts immediate moves inside a bearish chart pattern. 200-bar SMA adds to the downside filter, multiple upside barriers probe bulls beyond 1.3700. UK Employment report suggests another positive surprise for December. GBP/USD picks up bids to near 1.3675, up 0.05% intraday, during the latest bounce amid Tuesday's Asian trading. In doing so, the cable takes a U-turn from the support line of a one-week-old symmetrical triangle.

**EUR:** EUR/USD dropped on Monday, ending a corrective bounce from six-week lows. The single currency looks south on weak German data, virus concerns. Risk sentiment has weakened on worries about US fiscal stimulus. EUR/USD's bounce from six-week lows may have run out of steam, and the currency pair face more substantial selling pressure in the near-term.

**INR:** The rupee rose by 3 paise to settle at 72.94 (provisional) against the US dollar on Monday, extending its gains for the fifth straight session despite heavy selling in the domestic equity market. At the interbank forex market, the rupee opened at 72.95 against the American currency, and hit an intra-day high of 72.89 and a low of 72.96 in day trade. It finally finished at 72.94, higher by 3 paise over its last close. On Friday, the rupee had settled at 72.97 against the American currency.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	108.60	110.60			
<b>GBP/KES</b>	147.30	151.40	<b>GBP/USD</b>	1.3660	1.3720
<b>EUR/KES</b>	131.50	134.50	<b>EUR/USD</b>	1.2135	1.2185
<b>INR/KES</b>		1.5350	<b>AUD/USD</b>	0.7695	0.7745
			<b>USD/INR</b>	73.02	72.90
			<b>Commodities</b>		
			<b>Gold</b>	1855	1851
			<b>Brent Crude</b>	55.24	55.21

## T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

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