

DAILY FOREX NEWSLETTER

Wednesday, 27th January 2021

Local Markets:

The Kenyan Shilling was stable against the dollar on Tuesday and all eyes were set on central bank's monetary policy committee's meeting today.

Top News:

- Gold prices edged lower on Wednesday, weighed by a firmer dollar, as markets awaited the U.S. Federal Reserve's monetary policy decision and developments around a stimulus package in the world's largest economy.
- Oil prices climbed on Wednesday after industry data showed U.S. crude stockpiles fell unexpectedly last week and China, the world's second-biggest oil user, reported its lowest daily rise in Covid-19 cases, bolstering hopes of a pick-up in demand.

International Markets

USD: The dollar was stuck on the back foot against major peers on Wednesday as markets wait on comments from Federal Reserve Chair Jerome Powell, who is likely to renew a commitment to ultra-easy policy. The greenback held declines against riskier currencies, with pandemic recovery hopes getting a boost as the International Monetary Fund upgraded its forecast for 2021 global growth. Treasury yields, whose rise had supported the dollar at the start of this year, declined overnight amid caution about the eventual size of and potential delays to President Joe Biden's \$1.9 trillion fiscal stimulus plan.

GBP: GBP/USD trades in a choppy range after easing from the fresh high since May 2018. UK PM Johnson conveys "deepest condolences" as death toll cross 100,000, slams EU over threat to block vaccine jabs. IMF downgrades UK's economic forecast while raising the global outlook. US President Biden presses for faster vaccination, Senate Majority Leader Schumer hints early stimulus. GBP/USD seesaws around 1.3730 after refreshing the 32-month high during early Wednesday.

EUR: EUR/USD trades flat near 1.2155 after Tuesday's 0.28% gain. Fed's Powell may offer clues on the timing of a potential taper. Hint of an early unwinding of stimulus could yield broad-based USD rally. EUR/USD trades flat, marking a weak follow-through to Tuesday's bounce from crucial support, as investors await more clues from the Federal Reserve (Fed) on the timing of potential tapering or gradual reversing of monetary stimulus.

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.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.60	110.60			
GBP/KES	148.20	152.30	GBP/USD	1.3745	1.3660
EUR/KES	131.80	134.85	EUR/USD	1.2165	1.2135
INR/KES		1.5395	AUD/USD	0.7745	0.7695
			USD/INR	72.80	73.02
			Commodities		
			Gold	1847	1855
			Brent Crude	55.98	55.24

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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