

# DAILY FOREX NEWSLETTER

Thursday, 28<sup>th</sup> January 2021

## Local Markets:

The Kenyan Shilling was a little changed on Wednesday but was forecast to weaken due to dollar demand from companies covering their end-month expenses.

## Top News:

- Gold prices edged lower on Thursday as investors opted for the safety of the dollar after the U.S. Federal Reserve flagged concerns about the pace of recovery in the world's largest economy.
- Oil prices slid in early trade on Thursday on fresh worries about weakened fuel demand, after England clamped down on travel and China, the world's second-largest oil consumer, also sought to limit Lunar New Year trips to stem a surge in Covid-19 cases.

## International Markets

**USD:** The dollar extended gains against most currencies on Thursday as a stock market rout due to concerns about excessive valuations boosted safe-harbor demand for the U.S. currency. Concerns about a short squeeze among hedge funds, worries about corporate earnings, and delays in coronavirus vaccinations have slammed the brakes on a heady rally in global equities, which could continue to lift the dollar in the short term. The U.S. Federal Reserve kept monetary policy unchanged as expected on Wednesday but did signal some concern about the pace of economic recovery, which some traders said is another negative factor.

**GBP:** GBP/USD drops for the second consecutive day while fading bounces off 1.3650. EU demands UK covid vaccines from AstraZeneca to make up for slack at home. Imperial College London hints virus infection stable or falling slightly off late. US GDP is less likely to reverse Fed-led losses, but surprises can't be denied. GBP/USD is currently offered around 1.3660, down 0.10% intraday, during early Thursday. The Cable refreshed the 32-month peak on Wednesday before declining to 1.3659 on broad US dollar strength, led by the ECB and Fed comments.

**EUR:** EUR/USD looks to extend Wednesday's drop, as stock markets remain weak. Risk-off overshadows dovish Fed, boosts demand for the US dollar. EUR/USD suffers losses as risk aversion in stock markets overshadows the dovish Federal Reserve (Fed) and keeps the safe-haven US dollar bid. The US Federal Reserve kept its bond purchase program and benchmark interest rate unchanged Wednesday and delivered a slightly more dovish message by acknowledging recent moderation in the economic activity and calling for higher inflation, as noted by BK Asset Management's Kathy Lien.

**INR:** The rupee edged higher by 2 paise to settle at 72.92 (provisional) against the US dollar on Wednesday, ahead of the outcome of the US central bank's meeting. At the interbank forex market, the rupee opened at 72.91 against the American currency and hit an intra-day high of 72.78 and a low of 72.94 in day trade.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.70	110.70			
GBP/KES	147.70	151.75	GBP/USD	1.3680	1.3745
EUR/KES	131.30	134.30	EUR/USD	1.2105	1.2165
INR/KES		1.5365	AUD/USD	0.7635	0.7745
			USD/INR	73.00	72.80
			Commodities		
			Gold	1834	1847
			Brent Crude	55.18	55.98

## 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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