

# DAILY FOREX NEWSLETTER

Friday, 29<sup>th</sup> January 2021

## Local Markets:

The Kenyan Shilling was stable against the dollar on Thursday after policymakers kept lending rates on hold the previous day.

## Top News:

- Gold prices were range bound on Friday and on track to post a weekly and monthly decline as a stronger dollar dented the precious metal's appeal.
- Oil prices were mixed on Friday as a pending supply cut by Saudi Arabia and lower U.S. oil stocks helped counter risks of slowing fuel demand due to stalled vaccine rollouts and contagious new coronavirus strains.

## International Markets

**USD:** The dollar remained on the back foot on Friday as an improvement in risk appetite sapped demand for the safest assets, with investors taking cheer from U.S. economic data wasn't as bad as feared. Wall Street also provided a lift to sentiment, as stocks rebounded after earnings season got off to a strong start and concerns eased around hedge funds selling long positions to cover shorts. However, many analysts expect the dollar to return to the downward trend that saw it lose nearly 7% of its value last year, particularly with the Federal Reserve committed to ultra-easy monetary policy.

**GBP:** GBP/USD stays red despite recent bounce off 1.3695. UK adds UAE, Burundi and Rwanda to its coronavirus travel ban list amid dip in the virus-led death toll, rise in infections. British PM Johnson marks lots of Brexit teething problems, employers fear worse to come. Trading restrictions, China's warning to Taiwan and Novavax vaccine are extra catalysts to watch amid a light calendar day. GBP/USD marks a corrective pullback from an intraday low of 1.3695 to 1.3706, down 0.20% on a day, while heading into the London open on Friday. The cable's recent weakness could be traced from the broad risk-off mood amid economic fears, retail traders' restrictions and China's warning to Taiwan.

**EUR:** The Societe Generale Research Team offer its outlook on EUR/USD for the first quarter of 2021, slightly bearish in the near-term. The pair will likely chart a head-and-shoulders breakdown if the European stock markets remain risk-averse, drawing stronger haven bids for the dollar. Stocks markets in the US and across the globe faced selling pressure earlier this week on fears of social-media-driven hedge fund selling, and due to concerns, the US fiscal stimulus will be smaller than hoped.

**INR:** The rupee appreciated by 7 paise to 72.98 against the US dollar in opening trade on Friday, tracking positive domestic equities. At the interbank forex market, the domestic unit opened at 73.01 against the US dollar and inched higher to 72.98 against the greenback, registering a rise of 7 paise over its previous close.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.70	110.70			
GBP/KES	148.05	152.05	GBP/USD	1.3710	1.3680
EUR/KES	131.30	134.30	EUR/USD	1.2105	1.2105
INR/KES		1.5385	AUD/USD	0.7650	0.7635
			USD/INR	72.90	73.00
			Commodities		
			Gold	1847	1834
			Brent Crude	55.12	55.18

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.987%	6.983%
182 Days	7.578%	7.508%
364 Days	8.623%	8.508%

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