

DAILY FOREX NEWSLETTER

Wednesday, 6th January 2021

Local Markets:

The Kenyan shilling was stable on Tuesday amid little demand for dollars from importers and other private sector players as they gradually returned from end of year holidays.

Top News:

- Gold edged lower on Wednesday as the dollar firmed with investors tracking two closely contested U.S. Senate runoff races in Georgia that will likely determine President-elect Joe Biden administration's fiscal policy.
- Brent oil prices rose on Wednesday to the highest since February after Saudi Arabia agreed to make bigger cuts in output than expected during a meeting with allied producers, while industry data showed U.S. crude stockpiles fell last week.

International Markets

USD: The U.S. dollar steadied in Asia on Wednesday as traders looked to the outcome of a Senate election in Georgia to drive the next move in market sentiment. The dollar had dropped through a major support level against the Japanese yen on Tuesday and it briefly fell to a fresh 10-month low of 102.60 yen on Wednesday before steadying. The outcome of the runoff vote to elect two senators in Georgia will determine control of the U.S. Senate, although a result is not expected before Wednesday morning in the United States – perhaps longer if it is close.

GBP: GBP/USD print mild losses as greenback marks corrective pullback from multi-month low. UK PM Johnson sounds cautiously optimistic amid vaccine hopes. Democrats are so far leading the race to Senate with thin majority. BOE rate cut clues in focus, UK Services PMI, US election results, China headlines will also be the key. GBP/USD eases to 1.3609, down 0.10% intraday, while heading into London open on Wednesday. The cable bears the burden of the US dollar's corrective pullback amid the Georgian election exit polls, not to forget the third lockdown concerns and increasing odds of the Bank of England (BOE) rate cuts.

EUR: EUR/USD retreats to 1.2285 from a 33-month high of 1.2327. Risk sentiment weakens, pushing stocks lower and the anti-risk dollar higher. Democrats lead in Georgia elections triggers fears of greater regulation and high taxes. EUR/USD is losing ground, with the risk sentiment weakening on increased expectations for a Democrat-controlled US Senate. The currency pair is currently trading at 1.2288, having reached a high of 1.2327 early today.

INR: The rupee depreciated by 15 paise to settle at 73.17 (provisional) against the US dollar NSE 0.51% on Tuesday even as the domestic equity markets settled with significant gains. However, sustained foreign fund inflows and weakness of the American currency in the overseas market restricted the rupee's fall. At the interbank forex market, the domestic unit opened flat at 73.02 against the greenback. It swung between a low of 73.27 and a high of 73.02 during the session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.40	109.90			
GBP/KES	145.20	149.90	GBP/USD	1.3615	1.3640
EUR/KES	131.90	135.50	EUR/USD	1.2305	1.2290
INR/KES		1.5300	AUD/USD	0.7780	0.7745
			USD/INR	73.05	72.90
			Commodities		
			Gold	1948	1939
			Brent Crude	53.94	51.00

T-Bills Rates:

Duration	Current	Previous
91 Days	6.906%	6.929%
182 Days	7.400%	7.403%
364 Days	8.348%	8.338%

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.