

DAILY FOREX NEWSLETTER

Friday, 8th January 2021

Local Markets:

The Kenyan shilling slightly weakened on Thursday amid demand for dollar from the energy sector and general merchandise importers and a lack of inflows from remittances and exports.

Top News:

- Gold was down on Friday morning in Asia but hopes for further U.S. stimulus buoyed the yellow metal as the week closes. Investors will also be looking at the U.S. jobs report, including non-farm payrolls, which will be released later in the day and forecast to show a sharp slowdown in hiring.
- Oil prices edged higher on Friday, hovering near 11-month highs hit the previous day, as Saudi Arabia's pledge to make voluntary cuts to its output continued to buoy the mood in the market though worries over slower fuel demand capped gains.

International Markets

USD: The dollar held on to its biggest gain in more than two months against major peers on Friday as a rise in U.S. yields triggered some unwinding of bearish bets on the currency. The greenback bounced off a nearly three-year low, with traders taking profits against the euro in particular, following a slide in the dollar index of nearly 7% in 2020 and as much as 0.9% in the new year amid expectations of U.S. fiscal stimulus. Democrats won effective control of the Senate this week, giving President-elect Joe Biden scope to push through more spending, which analysts say will be negative for bonds and the dollar.

GBP: GBP/USD remains pressured for third consecutive day, fades pullback from 1.3538 recently. Jump in UK's covid cases, hospitalizations attack PM Boris Johnson's promise of vaccine near 10 miles from home. Pfizer-BioNTech vaccine claims effectiveness against COVID-19 strains, US President Trump concedes defeat after broad criticism over Capitol Hill issue. US NFP, UK PM Johnson's daily update, virus numbers and stimulus headlines will be the key to watch. GBP/USD eases to 1.3557, down 0.08% intraday, while heading into the London open on Friday. The cable drops for the third day in a row even as UK PM Boris Johnson cheered vaccine hopes.

EUR: EUR/USD pressured as DXY underpinned on rising T-yields. Bear pennant breakdown on the hourly chart points to more losses. All eyes remain on US payrolls and politics for fresh impulse. EUR/USD is off the lows but remains under pressure near 1.2250, as the relentless rally in the Treasury yields buoys the US dollar ahead of the critical NFP release.

INR: The rupee dived 20 paise to settle at 73.31 (provisional) against the US dollar NSE 2.17 % on Thursday, tracking muted domestic equities and a rebound in the American currency. At the interbank forex market, the domestic unit opened flat at 73.10 against the greenback.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.40	110.30			
GBP/KES	144.70	150.00	GBP/USD	1.3575	1.3590
EUR/KES	131.40	135.70	EUR/USD	1.2275	1.2315
INR/KES		1.5300	AUD/USD	0.7780	0.7790
			USD/INR	73.25	73.05
			Commodities		
			Gold	1908	1919
			Brent Crude	54.48	54.59

T-Bills Rates:

Duration	Current	Previous
91 Days	6.895%	6.906%
182 Days	7.479%	7.400%
364 Days	8.363%	8.348%

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