

# DAILY FOREX NEWSLETTER

Thursday, 11th February 2021

## Local Markets:

The Kenyan shilling strengthened on Wednesday on the back of sellers in the interbank market shedding their overbought positions and some dollar inflows from the tea sector.

Kenya plans to spend nearly 121 billion Kenyan shillings (\$1.11 billion) more on its budget for the 2020/21 (July-June) financial year, a 4.1% jump from the original plan presented in June.

## Top News:

- Asian shares rested at record highs on Thursday as investors digested recent meaty gains, though the promise of endless free money to sustain buying was reaffirmed by benign U.S. inflation data and a very dovish outlook from the Federal Reserve.
- Oil prices fell on Thursday, giving up some of the recent strong gains, although losses were curbed by production cuts and hopes that rollouts of vaccines will drive a recovery in demand.

## International Markets

**USD:** The dollar was up on Thursday morning in Asia but continued to hover near two-week lows. Weaker-than-expected U.S. inflation and a promise from the Federal Reserve to keep interest rates low continued to raise investor expectations of meagre returns from the U.S. currency.

**GBP:** GBP/USD eases from the highest levels since April 2018 marked the previous day Bearish MACD, expected pullback from multi-day peak favour sellers. 200-HMA offers strong support, bulls eye the early April lows. Following its run-up to the 34-month high, GBP/USD recedes to 1.3830 amid Thursday's Asian session. In doing so, the cable sellers take advantage of bearish MACD and ease of marking a correction while targeting an upward sloping trend line from February 04, at 1.3823 now.

**EUR:** EUR/USD trades flat, having failed to take out 50-day SMA on Wednesday. Fed chairman Powell's dovish comments fail to inspire dollar selling. ECB's Lagarde uses strong words to describe Eurozone's low inflation situation, capping EUR's gains. EUR/USD struggles to extend recent gains in the wake of dovish comments by Federal Reserve chairman Jerome Powell. In prepared remarks for a webcast to the Economic Club of New York on Wednesday, Powell said that the job market is far from fully recovered and that the Fed is not considering raising interest rates from the current near-zero levels.

**INR:** The Indian rupee was little changed against the dollar and was at 72.80/72.81, versus 72.8350/72.8450 in the previous session, amid bets that the Reserve Bank of India will cap large-scale appreciation in the local unit.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	109.00	109.90			
GBP/KES	150.40	152.20	GBP/USD	1.3880	1.3830
EUR/KES	132.00	133.40	EUR/USD	1.2145	1.2135
INR/KES		1.5245	AUD/USD	0.7780	0.7745
			USD/INR	72.50	72.80
			Commodities		
			Gold	1836	1845
			Brent Crude	61.19	61.12

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.873%	6.897%
182 Days	7.594%	7.578%
364 Days	8.716%	8.623%

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