

DAILY FOREX NEWSLETTER

Thursday, 12th February 2021

Local Markets:

The Kenya's shilling strengthened on Thursday on the back of subdued demand, inflows from the agriculture sector and banks offloading their long dollar positions.

Top News:

- Asian shares hovered just below a record high on Friday as mixed U.S. economic data caused some investors to show restraint after a global stock market rally pushed many bourses to dizzying heights.
- Oil prices fell a second day on Friday, extending losses after OPEC cut its demand forecast and the International Energy Agency said the market was still over-supplied.

International Markets

USD: The dollar headed for its first losing week in three as new signs of weakness in the U.S. jobs market dented investor expectations about the pace of a pandemic recovery.

GBP: GBP/USD stands on a slippery ground near four-day low. Multiple failures to stay beyond 1.3850, overbought RSI drags the quote. 50-bar SMA adds to the downside filter below horizontal support. UK GDP likely to ease on QoQ, YoY figures may improve. Having recently refreshed intraday low to 1.3786, GBP/USD sellers catch a breather near 1.3889, down 0.20% on a day, during the early Friday. The cable traders bear the burden of the US dollar gains ahead of the preliminary readings of the UK's fourth-quarter (Q4) GDP, up for publishing at 07:00 AM GMT.

EUR: EUR/USD-Edges lower in holiday thinned market, EUR/USD opened 0.12% higher at 1.2132 after USD broadly eased, after trading at 1.2135 it drifted lower in quiet trading, heading into the afternoon it was at the session low at 1.2119. EUR to remain bid while USD/risk correlation holds. The EUR/USD bounce is driven by improved risk appetite causing money to exit the safe haven USD, and will extend, as long as this correlation holds. Fundamentally the outlook for the U.S. economic recovery in 2021 is brighter than that of the European Union.

INR: The Indian rupee was trading higher against the U.S. currency on "aggressive" dollar sales by a U.K.-based bank. Yesterday, rupee reached an intraday high of 72.70 but dropped back to below 72.80 amid intervention by the RBI. Interbank traders are watching the 72.70-72.80 level closely, a convincing breach of which is expected to trigger "a significant slide" in the pair.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	109.00	109.90			
GBP/KES	150.20	151.70	GBP/USD	1.3830	1.3880
EUR/KES	132.00	133.40	EUR/USD	1.2150	1.2145
INR/KES		1.5245	AUD/USD	0.7785	0.7780
			USD/INR	72.45	72.50
			Commodities		
			Gold	1823	1836
			Brent Crude	60.77	61.19

T-Bills Rates:

Duration	Current	Previous
91 Days	6.905%	6.873%
182 Days	7.644%	7.594%
364 Days	8.824%	8.716%

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.