

DAILY FOREX NEWSLETTER

Wednesday, 17th February 2021

Local Markets:

The Kenyan shilling was stable against the dollar on Tuesday amid little activity in the market with demand for dollars matching supply.

Top News:

- Gold prices fell on Wednesday to their lowest in nearly two weeks as the dollar firmed and U.S. Treasury yields rose, while platinum eased further after scaling a more than six-year high in the previous session.
- Oil was up Wednesday morning in Asia, continuing a two-day rally driven by a cold snap in Texas, the U.S.'s biggest oil-producing state, despite a strengthening dollar.

International Markets

USD: The dollar advanced on Wednesday, hitting a four-month high against the yen as U.S. bond yields jumped on the prospects of further economic recovery and a possible acceleration in inflation. Bitcoin held firm, a day after the cryptocurrency hit \$50,000 for the first time, bringing its total market capitalization to more than \$900 billion, as traders bet on its further acceptance among major companies. The New York Federal Reserve's Empire State manufacturing report released on Tuesday offered an upbeat economic picture, with a rise in its "prices paid index" stoking fear of faster inflation.

GBP: GBP/USD drops back to Tuesday's low while extending latest losses from 1.3934. EU 'clearing house' seeks to calm Brexit tensions over Northern Ireland. UK's seven-day total covid-led deaths drop 26%, British task force eyes two jabs to all the adults by September. UK CPI, US Retail Sales for January eyed ahead of the FOMC minutes, risk catalysts remain as the key. GBP/USD stands on a slippery ground while declining to the intraday low near 1.3870, down 0.25%, during Wednesday's Asian session. In doing so, the cable defies the late Tuesday's bounce off 1.3970 while stretching pullback from the highest since April 2018.

EUR: EUR/USD weighed by the rally in Treasury yields, DXY. Reflation trades play out amid stimulus, vaccine optimism. All eyes on US Retail Sales and FOMC minutes. EUR/USD remains under pressure below 1.2100 ahead of the European open, as the US dollar clings to the recent gains amid a rally in the US Treasury yields. At the time of writing, the main currency pair trades at 1.2092, down 0.0.10% on a daily basis. The spot witnessed good two-way businesses, initially climbing to three-week tops of 1.2170 before tumbling to the lowest levels in two days just under the 1.2100 level.

INR: The Indian rupee settled just 1 paisa lower at 72.69 against the US dollar on Tuesday as importers' greenback purchases offset the impact of a weak dollar overseas. At the interbank forex market, the local unit opened at 72.64 against the American currency and witnessed an intra-day high of 72.63 and a low of 72.85.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.60	110.00			
GBP/KES	149.90	153.10	GBP/USD	1.3900	1.3945
EUR/KES	131.10	133.40	EUR/USD	1.2100	1.2145
INR/KES		1.5310	AUD/USD	0.7760	0.7790
			USD/INR	72.80	72.65
			Commodities		
			Gold	1789	1822
			Brent Crude	63.51	63.55

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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