

DAILY FOREX NEWSLETTER

Wednesday, 3rd February 2021

Local Markets:

The Kenyan Shilling was stable on Tuesday against the dollar with remittance inflows from Nongovernmental organization matching demand from importers in the energy sector.

Top News:

- All good things have come to an end, as the saying goes. Such was the case with gold on Tuesday, though its one-day rally was too short to begin with.
- Oil extended gains in Asia after closing at the highest level in more than a year as declines in U.S. and Chinese crude stockpiles gave fresh impetus to a rally driven by tightening global supplies.

International Markets

USD: The dollar traded near a two-month high versus the euro on Wednesday as investors looked to a widening disparity between the strength of the U.S. and Europe's pandemic recoveries. The view was bolstered by moves in Washington toward fast-tracking more stimulus spending that contrasted with concerns about extended European lockdowns and expectations for a decline in euro zone growth this quarter. The dollar also benefited from a massive bout of short-covering, especially against the yen where hedge funds had racked up their biggest short bets against the greenback since October 2016.

GBP: GBP/USD trims recovery gains from lowest since January 26. Britain kick-starts post-Brexit state aid planning, UK's Gove asks extension of Brexit grace period. Northern Ireland borders and British business' worries join stimulus hopes. Final reading of UK Services PMI for January, US data will offer fresh directives. GBP/USD fades corrective pullback from one-week low, while easing to 1.3664, ahead of Wednesday's London open. The quote dropped to a multi-day low the previous day amid broad US dollar strength and talks of Brexit.

EUR: EUR/USD's daily chart indicates scope for deeper losses. Concerns about Eurozone's vaccine delivery and economic growth weigh over the EUR. A better-than-expected Eurozone CPI is needed to save the day for the bulls. EUR/USD looks weak, having breached crucial Fibonacci (Fib) retracement support amid speculation that Eurozone's vaccine response has been slower than the US and UK. The pair closed Tuesday below 1.2064 – the 38.32% Fib retracement of the rally from 1.1602 to 1.2349.

INR: The rupee opened on a flat note and edged higher by 2 paise to 72.94 against the US dollar in opening trade on Wednesday, amid positive domestic equity market. At the interbank forex market, the domestic unit opened at 72.96 against the US dollar and inched higher to 72.94 against the greenback, registering a rise of just 2 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.70	110.70			
GBP/KES	147.60	151.60	GBP/USD	1.3670	1.3710
EUR/KES	130.70	133.70	EUR/USD	1.2050	1.2105
INR/KES		1.5385	AUD/USD	0.7620	0.7650
			USD/INR	72.90	72.90
			Commodities		
			Gold	1840	1847
			Brent Crude	57.71	55.12

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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