

# DAILY FOREX NEWSLETTER

Thursday, 4<sup>th</sup> February 2021

## Local Markets:

The Kenyan Shilling strengthened on Wednesday helped by tea export inflows and commercial bank shedding their long dollar position.

## Top News:

- Gold and silver prices edged lower on Thursday, weighed down by a stronger dollar, while investors awaited the passage of a massive stimulus package in the United States.
- Oil prices extended gains on Thursday after the OPEC+ alliance of major producers stuck to a reduced output policy, and as crude stockpiles in the United States fell to their lowest levels since March last year.

## International Markets

**USD:** The dollar traded near its strongest in more than two months against the euro and the yen on Thursday as pessimism about the U.S. economic outlook recedes before the release of important data on the jobs market. The British pound held steady against the dollar and traded near an eight-month high versus the euro ahead of a Bank of England policy meeting that will publish findings on the feasibility of negative interest rates. Sentiment for the dollar has improved recently as progress in coronavirus vaccinations, moves by U.S. President Joe Biden to pass more fiscal stimulus, and improving economic data forced some bearish investors to give up their short positions.

**GBP:** GBP/USD stays depressed near two-week low, extends Monday's pullback. EU rebuffs over the UK's call for Brexit relaxation on NI border until 2023. Covid vaccine optimism joins US stimulus hope to battle fears of retail rush 2.0. BOE is expected to leave monetary policy unchanged, hints on negative rates will be the key. GBP/USD stands on a slippery ground near 1.3600 while heading into Thursday's London open. The quote drops for the fifth consecutive day as traders brace for the Bank of England's (BOE) quarterly stint near the lowest since January 19.

**EUR:** EUR/USD trades 0.12% lower at 1.2020 versus 1.2043 in Asia. Buyers elusive despite signs of bear fatigue near 1.20. Upbeat US data, Eurozone vaccine concerns keep the pair under pressure. EUR/USD struggles to gather upside traction despite signs of bear fatigue near 1.20. The bulls remain on the sidelines, with the US data signaling economic recovery and pushing yields higher. Sellers ran out of steam near 1.20 for the second straight day on Wednesday after the pro-EU former European Central Bank (ECB) President Draghi accepted the Italian President's offer to form a government.

**INR:** The Indian rupee ended on a flat note and settled 1 paisa higher at 72.95 (provisional) against the US dollar on Wednesday amid a firm trend in the domestic equity markets. At the interbank forex market, the local unit opened at 72.96 against the greenback and witnessed an intra-day high of 72.92 and a low of 72.98.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	108.70	110.70			
<b>GBP/KES</b>	146.80	150.90	<b>GBP/USD</b>	1.3610	1.3670
<b>EUR/KES</b>	130.30	133.40	<b>EUR/USD</b>	1.2020	1.2050
<b>INR/KES</b>		1.5390	<b>AUD/USD</b>	0.7630	0.7620
			<b>USD/INR</b>	72.85	72.90
			<b>Commodities</b>		
			<b>Gold</b>	1818	1840
			<b>Brent Crude</b>	58.80	57.71

## 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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