

# DAILY FOREX NEWSLETTER

Wednesday 16<sup>th</sup> June 2021

## Local Markets:

The Kenyan shilling was unchanged on Tuesday amid limited activity on both supply and demand sides.

## Top News:

- Gold prices edged lower on Wednesday due to a stronger dollar as investors look forward to the outcome of the U.S. Federal Reserve meeting for hints on tapering of economic support measures.
- Oil prices rose on Wednesday, with Brent gaining for a fifth consecutive session, as falling stockpiles and a recovery in demand encouraged investors.

## International Markets

**USD:** The dollar held near a one-month high against a basket of currencies on Wednesday as investors tried to ascertain if the Federal Reserve might alter the language on its stimulus following a recent jump in U.S. inflation. U.S. retail sales dropped more than expected in May but sales in April were revised sharply up and are way above their pre-pandemic level. With spending rotating back to services from goods as vaccinations allow Americans to travel and engage in other activities, the data cemented the perception of a strong recovery in the economy.

**GBP:** GBP/USD remains sidelined around the monthly bottom despite refreshing intraday low. Brexit woes continue as EU citizens face no right to remain in the UK, Ireland expects Britain to ease its stance. UK Ministers to be advised against mass vaccinations for under-18s. Mounting inflation pressure can firm up BOE's tapering talks, Fed's economic forecasts, dot plot and Powell eyed as well. GBP/USD refreshes intraday low to 1.4077 within a choppy range below 1.4100 during Wednesday's Asian session. The cable pair dropped to the lowest in a month the previous day before bouncing off 1.4034.

**EUR:** EUR/USD fades bounce off intraday low, snaps two-day uptrend. Sluggish markets prevail ahead of the key FOMC, West versus China, covid adds filters to the moves. Treasury yields, DXY print mild gains following mixed US data. ECB's De Guindos, US housing data will offer intermediate clues, Fed's dot-plot, Powell's speech will be eyed amid status-quo expectations. EUR/USD retreats above 1.2100, marking the first daily loss in three, heading into Wednesday's European session.

**INR:** USD/INR extends previous day's pullback from monthly top, refreshes intraday low. Further losses envisioned as overbought RSI backs U-turn from bearish pattern's resistance line. 200-SMA offers extra support before the key 73.10 level. USD/INR stretches the previous day's profit-booking moves from the monthly top to 73.30, down 0.07% intraday, amid the initial Indian session trading on Wednesday.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.15	108.35			
GBP/KES	150.05	153.00	GBP/USD	1.4095	1.4130
EUR/KES	129.75	131.75	EUR/USD	1.2135	1.2160
INR/KES		1.4950	AUD/USD	0.7695	0.7745
			USD/INR	73.20	73.10
			Commodities		
			Gold	1861	1864
			Brent Crude	74.50	73.11

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.104%	7.137%
182 Days	7.731%	7.818%
364 Days	8.648%	8.973%

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