

DAILY FOREX NEWSLETTER

Thursday 17th June 2021

Local Markets:

The Kenyan shilling was stable on Wednesday on the back of subdued demand for hard currency from importers.

Top News:

- Gold prices hovered near a more than one-month low on Thursday as the dollar and U.S. Treasury yields jumped after Federal Reserve officials projected interest rate hikes sooner than expected.
- Crude oil prices fell on Thursday pressured by a stronger U.S. dollar, but losses were limited by a big drop in crude oil inventories in the United States, the world's top oil consumer.

International Markets

USD: The dollar rose to its highest level in almost two months versus major peers on Thursday after the Federal Reserve brought forward its projections for the first post-pandemic interest rate hikes into 2023, citing an improved health situation and dropping a long-standing reference that the crisis was weighing on the economy. The dollar index, which tracks the currency against six rivals, ticked up to 91.459 in Asia, building on its nearly 1% surge overnight, the biggest gain since March of last year.

GBP: GBP/USD consolidates in the Asian session. GBP forfeit gains amid delayed economic reopening, Brexit chaos. Higher US Treasury yields lift demand for the US dollar. The appreciative move in the US dollar keeps GBP/USD gains under check. The pair accumulated heavy losses on Wednesday comprising almost 145-pips movement. At the time of writing, GBP/USD trades at 1.3995, up 0.5% for the day. On the other hand, the British pound rose to 1.4132 after the upbeat inflation data. However, all gains evaporated towards the end of the previous session.

EUR: EUR/USD struggles to overcome two-month low, seesaws near intraday high. US Treasury yields, DXY consolidate recent gains as markets recheck Fed-led blow. Sino-American tussles, US infrastructure spending headlines entertain traders of late. Second estimate of Eurozone CPI, ECB's Lane and US data can be eyed for fresh impulse. EUR/USD fades bounce off two-month low as bulls and bears jostle around 1.2000 heading into Thursday's European session. The currency major pair earlier dropped to the lowest since mid-April as Asian traders responded to the US Federal Reserve's (Fed) bullish performance.

INR: USD/INR remains pressured around intraday low, reverses from six-week top. Bullish MACD, successful trading beyond previous resistance from May, immediate support line keep buyers hopeful. 50% Fibonacci retracement level adds to the upside filters. USD/INR snaps two-day uptrend, fails to extend the Fed-led rally, while bouncing off intraday low of 73.58 to 73.69, down 0.19% on a day, amid the initial Indian session trading.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.10	108.40			
GBP/KES	149.10	152.05	GBP/USD	1.4010	1.4095
EUR/KES	128.30	130.35	EUR/USD	1.2010	1.2135
INR/KES		1.4850	AUD/USD	0.7640	0.7695
			USD/INR	73.65	73.20
			Commodities		
			Gold	1819	1861
			Brent Crude	74.13	74.50

T-Bills Rates:

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

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.