

DAILY FOREX NEWSLETTER

Wednesday 23rd June 2021

Local Markets:

The Kenyan shilling was stable against the dollar on Tuesday as activity in the market remained subdued.

Top News:

- Gold prices gained on Wednesday after U.S. Federal Reserve Chair Jerome Powell promised not to raise interest rates too quickly based only on the fear of coming inflation, although an uptick in the dollar kept prices in check.
- Oil prices rose on Wednesday after industry data showed U.S. crude inventories fell more than expected, reinforcing views of a tightening supply-demand balance with road and air travel picking up in Europe and North America.

International Markets

USD: The U.S. dollar remained on the back foot against major peers on Wednesday after a two-day drop as U.S. Federal Reserve officials including Chair Jerome Powell reaffirmed that tighter monetary policy was still some way off. It has now given up about a third of its sharp gains posted since last Wednesday, when the Fed surprised markets by signaling much earlier rate hikes than investors previously expected. Overnight, both Powell and New York Fed President John Williams warned that the economic recovery requires more time before a tapering of stimulus and higher borrowing costs are appropriate.

GBP: GBP/USD edges lower as gains seemed to pause near the 1.3950 level. US dollar rebounds from the early dip exert pressure on the pair. Sterling remains grounded on positive vibes from Brexit chaos, PMI data eyed. The appreciative move in the US dollar keeps GBP/USD under pressure. The pair lacks the strength to move higher and confides in a 20 pips movement. At the time of writing, the GBP/USD pair is trading at 1.3930, down 0.12% for the day.

EUR: EUR/USD pares weekly gains, stays pressured around intraday low. DXY rebound takes clues from China, infrastructure spending and Delta Plus covid variant. Pre-PMI caution joins light calendar to act as extra filters to south. Comments from Fed, ECB policymakers will offer additional directives. EUR/USD remains depressed around 1.1920, snapping a two-day uptrend with 0.14% intraday loss, heading into Wednesday's European session.

INR: USD/INR consolidates uptick to fresh two-month high, stays mildly bid for second consecutive day. Moody's rejects economic fears from India's second covid wave, says losses will be limited. US dollar rebound gains more accolades ahead of the key PMIs. USD/INR eases to 74.24, following the run-up to refresh the two-month top, amid the initial Indian trading session on Wednesday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.10	108.40			
GBP/KES	148.30	151.35	GBP/USD	1.3940	1.3905
EUR/KES	127.45	129.55	EUR/USD	1.1925	1.1905
INR/KES		1.4750	AUD/USD	0.7550	0.7520
			USD/INR	74.30	73.95
			Commodities		
			Gold	1779	1781
			Brent Crude	75.25	75.06

T-Bills Rates:

Duration	Current	Previous
91 Days	7.000%	7.104%
182 Days	7.536%	7.731%
364 Days	8.105%	8.648%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

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