

DAILY FOREX NEWSLETTER

Thursday 3rd June 2021

Local Markets:

The Kenyan shilling was little changed on Wednesday, in subdued but well-balanced trade following a national holiday on Tuesday.

Top News:

- Asian shares were a touch below a recent three-month top on Thursday with China a tad weaker as investors weighed inflation concerns ahead of key U.S. economic data while oil prices rose to near 1-1/2 year highs.
- Oil prices rose for a third day on Thursday on expectations for a surge in fuel demand, particularly in the United States and Europe and China, later this year at the same time major producers is maintaining supply discipline.

International Markets

USD: The U.S. dollar was wavering above major support levels on Thursday, as traders awaited a batch of U.S. economic data that could set the tone at Central Bank meetings later this month.

GBP: GBP/USD extends the consolidated moves on Thursday. Lower US Treasury yields undermine the demand for the US dollar. GBP remains grounded on upbeat economic outlook. The GBP/USD pair remains muted in the Asian session on Thursday. The pair trades in a very restricted manner with no meaningful traction. At the time of writing, GBP/USD trades at 1.4168, down 0.02% for the day.

EUR: EUR/USD bounces off intraday low during a three-day downtrend. US dollar consolidates amid Treasury yield's seesaw, cautious mood ahead of NFP. ECB, Fed policymakers defend easy money, US-China trade deal and tariff-relief for tech-taxes fail to deliver any moves. US ADP Employment Change, ISM Services PMI for May will be important, not to forget second-tier data from Eurozone, Germany. EUR/USD trims intraday losses while bouncing from an intraday low of 1.2202 prior to Thursday's European session. Even so, the major currency pair stays down for the third consecutive day as the US dollar consolidates weekly losses amid a quiet Asian session.

INR: USD/INR prints four-day uptrend, refreshes intraday top of late-100-day SMA, monthly resistance line guard's immediate upside. RSI recovery, bullish MACD signal further upside, 61.8% Fibonacci retracement adds to the upside filters. USD/INR takes the bids near 73.10 during the four-day recovery, up 0.15% intraday, amid the initial Indian session trading on Thursday. In doing so, the Indian rupee (INR) pair snaps the five-week-old downtrend while portraying another attempt to cross the convergence of the 100-day SMA and monthly resistance line.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 107.20 | 108.15 | | | |
| GBP/KES | 151.80 | 153.10 | GBP/USD | 1.4195 | 1.4190 |
| EUR/KES | 130.80 | 132.10 | EUR/USD | 1.2245 | 1.2255 |
| INR/KES | | 1.4920 | AUD/USD | 0.7785 | 0.7780 |
| | | | USD/INR | 73.05 | 72.10 |
| | | | Commodities | | |
| | | | Gold | 1901 | 1897 |
| | | | Brent Crude | 71.92 | 70.52 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.139% | 7.155% |
| 182 Days | 7.865% | 7.953% |
| 364 Days | 9.156% | 9.284% |
| | | |

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.