

DAILY FOREX NEWSLETTER

Monday 12th July 2021

Local Markets:

The Kenyan shilling was unchanged against the dollar on Friday, with importer demand subdued.

Top News:

- Gold prices inched higher on Monday, on persisting concerns around Covid-19, with investors awaiting U.S. inflation data due this week and Federal Reserve Chair Jerome Powell's testimony.
- Crude futures slipped on Monday as concerns over slowing global growth outweighed the prospect of tightening supply after talks among key producers to raise output in coming months stalled.

International Markets

USD: The dollar was up on Monday morning in Asia. Risk currencies remained above their recent lows against both the U.S. currency and the yen as investor fears of a slowdown in the global economic recovery from COVID-19 calmed down for now. Investors' focus turned to U.S. inflation and when the country's Federal Reserve will start tightening its monetary policy ahead of the release of the U.S. core consumer price index (CPI) for June on Tuesday. Fed Chairman Jerome Powell will also testify before the Senate Banking Committee later in the week.

GBP: GBP/USD starts the new trading week on a muted note. US Dollar Index trades below three-month as risk sentiment improves. US Treasury yields rebound from the sub 1.30% level. After rebounding from the low of 1.3756 on Friday, the GBP/USD pair kicked off the new trading week on a subdued note. The pair rallied to the high of 1.3909 in a 150-pips movement. The greenback turns negative in the initial Asian trading hours on Monday. At the time of writing, the GBP/USD pair is trading at 1.3901, up 0.01% for the day.

EUR: EUR/USD faces rejection near 1.1890, turns south ahead of a big week. Mixed markets amid quiet trading offer support to the US dollar bulls. Focus remains on the US/EZ CPI, Powell's testimony due later this week. After a two-day rebound, EUR/USD is retreating towards the 1.1850 level, as the US dollar attempts a tepid bounce amid a mixed sentiment. Starting out a fresh week, covid concerns remain unabated, as Sydney extends the lockdown restrictions amid escalating outbreaks. Meanwhile, markets remain cautious ahead of the US inflation and Fed Chair Jerome Powell's testimony on the semi-annual Monetary Policy Report released last Friday.

INR: The Indian rupee strengthened by 21 paise to 74.43 against the US dollar in early trade on Monday, tracking a firm trend in the domestic equity market. At the interbank foreign exchange, the domestic unit opened at 74.49 against the dollar, then inched higher to 74.43, registering a gain of 21 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.15	108.55			
GBP/KES	147.90	151.10	GBP/USD	1.3895	1.3800
EUR/KES	126.95	129.10	EUR/USD	1.1875	1.1855
INR/KES		1.4720	AUD/USD	0.7480	0.7445
			USD/INR	74.40	74.50
			Commodities		
			Gold	1801	1802
			Brent Crude	75.31	74.22

T-Bills Rates:

Duration	Current	Previous
91 Days	6.614%	6.728%
182 Days	7.101%	7.228%
364 Days	7.576%	7.661%

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.