

DAILY FOREX NEWSLETTER

Wednesday 28th July 2021

Local Markets:

The Kenyan shilling was unchanged against the dollar on Tuesday and was expected to stay under pressure due to increased demand.

Top News:

- Gold prices were flat on Wednesday, holding near the key psychological level of \$1,800 per ounce, as investors await the U.S. Federal Reserve's meeting for hints on policy tapering plans.
- Oil prices climbed on Wednesday after industry data showed U.S. crude and product inventories fell more sharply than expected last week, reinforcing expectations that demand will outstrip supply growth even amid a surge in Covid-19 cases.

International Markets

USD: The dollar was up, but remained below its recent highs, on Wednesday morning in Asia. Ripple effects from a crackdown in China and caution ahead of the U.S. Federal Reserve's latest policy decision gave the safe-haven U.S. currency a boost, however. U.S. real yields also declined, with the 10-year tenor falling to a fresh record low during the previous session. The pound surprised the market by jumping through its 20-day moving average during the previous session, with reports that the U.K. is considering opening its border giving the currency a boost.

GBP: GBP/USD accumulates minor gains on Wednesday. US dollar trades below 93.00 ahead of the FOMC meeting. The sterling gains on the sharp decline in coronavirus infections. GBP/USD extends the previous two day's gains in Wednesday's Asian session. The pair trades in a very narrow trade band and awaits for confirmation. At the time of writing, GBP/USD is trading at 1.3879, up 0.04% for the day.

EUR: EUR/USD picks up bids to refresh intraday top, prints three-day uptrend. DXY shrugs off firmer Treasury yields as mixed US data backs Fed's rejection to tapering. FOMC is up for repeating the status-quo, Powell's words, policy statement will be the key. Bears could take vengeance on hearing the word 'tapering', bulls need validations. EUR/USD remains mildly bid, up for the third consecutive day around 1.1825, heading into Wednesday's European session.

INR: USD/INR consolidates the heaviest daily gains in a week, offered near intraday low. IMF cuts India's 2021 GDP forecast to 9.5%, China's growth predictions cut by 0.3% to 8.1%. India reports 43,654 covid infections, the highest since July 08. No rate change, tapering is expected from Fed but Powell's word will be the key. USD/INR stays pressured around 74.45, down 0.16% intraday, during early Wednesday. In doing so, the Indian rupee (INR) pair consolidates the previous day's gains despite downbeat catalysts for India.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.50	109.10			
GBP/KES	148.40	151.58	GBP/USD	1.3875	1.3830
EUR/KES	127.00	129.30	EUR/USD	1.1825	1.1805
INR/KES		1.4800	AUD/USD	0.7360	0.7375
			USD/INR	74.40	74.35
			Commodities		
			Gold	1805	1794
			Brent Crude	73.99	73.92

T-Bills Rates:

Duration	Current	Previous
91 Days	6.477%	6.520%
182 Days	6.955%	6.984%
364 Days	7.432%	7.506%

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