

DAILY FOREX NEWSLETTER

Monday 5th July 2021

Local Markets:

The Kenyan shilling was unchanged on Friday but was expected to weaken on the back of an uptick in importer dollar demand.

Top News:

- Gold prices edged lower on Monday after hitting a two-week high in the previous session, weighed down by a slight uptick in the dollar, while investors awaited more U.S. economic data for clues on the Federal Reserve's monetary policy plans.
- Oil prices fell on Monday, with Brent dropping after four days of gains, as investors and traders awaited crucial talks by OPEC+ following disagreement within the group that could lead to major producers pumping up volumes to grab market share.

International Markets

USD: The dollar took a breather on Monday, after recent gains ran into a speed bump when details of last week's U.S. jobs report soothed jitters about the timing of U.S. interest rate hikes. While the headline June job creation figure beat forecasts, unemployment ticked higher, workforce participation didn't budge, and the pace of hourly earnings growth slowed -suggesting rate rises could be further away than markets have come to fear.

GBP: GBP/USD consolidates Friday's gains, but bears stay cautious ahead of the key speech. UK PM Johnson expected to ease mask mandate on update over "Freedom Day" restrictions. DUP leader cited UK-NI tussles due to Brexit, UK's Frost downplays sausage war delay. UK Services PMI, covid updates could entertain traders even as US off may test the moves. GBP/USD remains sidelined, mildly offered, around 1.3820-25 heading into Monday's London open.

EUR: EUR/USD struggles to hold onto the gains in the Asian session. US dollar recovers from the previous session's low amid strong NFP data. The Euro gains limited on ECB's dovish outlook; PMI data eyed. The appreciative move in the US dollar keeps EUR/USD grounded on Monday morning Asian's session. The pair recovered from the low 1.1806 made on Friday post-Nonfarm Payroll (NFP) data. At the time of writing, EUR/USD is trading at 1.1852, down 0.11% for the day.

INR: USD/INR reverses Friday's pullback from late April tops. Market sentiment dwindles amid covid woes even as death toll recedes in India. Fears of third wave, expected widening of current account deficit weigh on INR. US off may restrict the pair moves but upside momentum seems less challenged. USD/INR stays mildly bid around 74.52 amid Monday's initial Indian trading session. In doing so, the Indian rupee (INR) pair challenges the previous day's pullback from a multi-day high despite witnessing upbeat coronavirus (COVID-19) data from the Asian nation.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.25	108.55			
GBP/KES	147.35	150.40	GBP/USD	1.3830	1.3775
EUR/KES	126.90	129.00	EUR/USD	1.1860	1.1850
INR/KES		1.4720	AUD/USD	0.7520	0.7475
			USD/INR	74.50	74.65
			Commodities		
			Gold	1786	1779
			Brent Crude	76.18	75.81

T-Bills Rates:

Duration	Current	Previous
91 Days	6.728%	6.860%
182 Days	7.228%	7.371%
364 Days	7.661%	7.79%

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