

# DAILY FOREX NEWSLETTER

Wednesday 11<sup>th</sup> August 2021

## Local Markets:

The Kenyan shilling weakened on Tuesday due to increased dollar demand especially from oil companies.

## Top News:

- Gold prices edged lower on Wednesday, pressured by a stronger dollar and a rise in bond yields, while investors cautiously looked forward to U.S. inflation data that could influence the Federal Reserve's timeline to taper monetary support.
- Oil prices on Wednesday consolidated strong overnight gains as a bullish outlook for U.S. fuel demand outweighed concerns about mobility curbs in Asia with the spread of the highly infectious COVID-19 Delta variant.

## International Markets

**USD:** The dollar hovered near a four-month high against the euro and scaled a five-week peak on the Japanese yen on Wednesday, as traders awaited U.S. inflation data and wagered a high reading could pressure the Federal Reserve to wind back policy support. The greenback has already caught a boost from last week's strong U.S. jobs data and from recent remarks by Fed officials hinting that asset purchase tapering is on the cards. Hot inflation could also add to expectations for rate hikes next year.

**GBP:** GBP/USD remains heavy around fortnight low, down for fourth consecutive day. UK policymakers signal extension of emergency powers used for lorries heading to France, IFA discussed Brexit. Britain braces for more booster shots as virus-led deaths jump to five-month high. USD gains could be linked to stimulus, Fed tapering concerns, US CPI in focus. GBP/USD edges lower around 1.3835 amid Wednesday's Asian session. The cable refreshed a two-week low the previous day as broad US dollar strength exerts additional downside pressure on the quote, other than the covid and Brexit-led woes.

**EUR:** EUR/USD remains sidelined around yearly low, eases from intraday high of late. DXY benefits from risk-off mood, firmer Treasury yields. Covid, stimulus and budget jitters sour sentiment amid a quiet session. Fianl readings of German CPI, preliminary US inflation for July will be the key data, risk catalysts are important too. EUR/USD defends the 1.1700 threshold, retreats from the day's high of 1.1725, as bears take a breather amid a quiet session heading into the European hours on Wednesday.

**INR:** USD/INR pauses two-day downtrend, remains side lined of late. Intact falling wedge breakout, MACD conditions keep pair buyer's hopeful. Short-term support line, 50% Fibonacci retracement and 100-DMA challenge bears. USD/INR seeks clear direction around 74.40 heading into Wednesday's European session. The Indian rupee (INR) pair refreshed monthly high the previous day while justifying the confirmation of a bullish chart pattern, namely falling wedge.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	108.25	109.75			
<b>GBP/KES</b>	148.70	152.10	<b>GBP/USD</b>	1.3835	1.3880
<b>EUR/KES</b>	126.65	128.95	<b>EUR/USD</b>	1.1725	1.1780
<b>INR/KES</b>		1.4900	<b>AUD/USD</b>	0.7350	0.7370
			<b>USD/INR</b>	74.40	74.26
			<b>Commodities</b>		
			<b>Gold</b>	1734	1746
			<b>Brent Crude</b>	70.56	69.37

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.513%	6.486%
182 Days	7.046%	6.966%
364 Days	7.418%	7.426%

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