

DAILY FOREX NEWSLETTER

Wednesday 12th January 2021

Local Markets:

The Kenyan shilling traded stable on Tuesday amid a slowdown in importer appetite for hard currency.

Top News:

- Stocks and commodities rose in relief and the dollar hit a six-week low on Wednesday, after Federal Reserve Chair Jerome Powell sounded less hawkish than expected in testimony to Congress, as he charts a path out of pandemic policy settings.
- Oil prices climbed on Wednesday, extending big gains in the previous session after the U.S. Federal Reserve chief signaled the Central Bank may raise rates more slowly than expected, which should support oil demand in the near term.

International Markets

USD: The dollar was down on Wednesday morning in Asia, dropping to its weakest since November 2021 after U.S. Federal Reserve Chairman Jerome Powell's warning that it could take several months to decide on running down the central bank's \$9 trillion balance sheet.

GBP: GBP/USD seesaws near November highs after crossing the key resistance line to refresh multi-day peak the previous day. That said, the cable pair makes rounds to 1.3630-35 during the initial Asian session on Wednesday. Although nearly overbought RSI challenges the pair buyers, a clear upside break of the seven-month-old resistance line, now support around 1.3595, hints at the pair's further advances.

EUR: EUR/USD dribbles around weekly top, stays mildly bid. Fed's Powell, ECB policymakers helped buyers the previous day. Virus woes, World Bank forecasts test immediate upside ahead of US CPI. Eurozone Industrial Production also decorates economic calendar. EUR/USD grinds higher as traders brace for the key US inflation data during early Wednesday morning in Europe. That said, the major currency pair seesaws around the weekly top of 1.1375, up 0.08% on a day during the second consecutive positive day.

INR: USD/INR stays pressured around multi-day bottom after five-day downtrend. India's active covid cases jump to seven-month high, rising the most since late April. Washington announced public health emergency, Fed's Powell drowned USD with concerns over balance sheet normalization. World Bank defends 2022 India GDP, revised up 2023 growth forecasts. USD/INR remains depressed around the lowest level since September 27 during the early Indian trading session on Wednesday. That said, the quote dribbles around 73.75 by the press time, after renewing the multi-day low to 73.72.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	150.80	157.20	GBP/USD	1.3680	1.3620
EUR/KES	125.80	131.20	EUR/USD	1.1395	1.1385
INR/KES		1.5660	AUD/USD	0.7245	0.7235
			USD/INR	73.85	73.60
			Commodities		
			Gold	1820	1806
			Brent Crude	83.70	81.29

T-Bills Rates:

Duration	Current	Previous
91 Days	7.345%	7.271%
182 Days	8.041%	8.095%
364 Days	9.444%	9.367%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/, 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.