

# DAILY FOREX NEWSLETTER

Tuesday 18<sup>th</sup> January 2021

## Local Markets:

The Kenyan shilling was little changed on Monday but was facing some downward pressure due to strong dollar demand from the oil sector and lacklustre inflows,

## Top News:

- Asia's share markets were mostly higher on Tuesday even as global investor attention remains fixed on the prospect of U.S interest rate hikes in the next few months, after two years of unprecedented pandemic-induced policy easing.
- Oil prices rose more than \$1 on Tuesday to a more than seven-year high on worries about possible supply disruptions after Yemen's Houthi group attacked the United Arab Emirates, escalating hostilities between the Iran-aligned group and a Saudi Arabian-led coalition.

## International Markets

**USD:** The dollar was down on Tuesday morning in Asia, while the latest policy decision from the Bank of Japan dictated the yen's moves.

**GBP:** EUR/USD could be in line for a significant breakout which would be expected to drag GBP along for the ride. GBP/USD needs to clear 1.3690 for bluer skies. As per the prior analysis, GBP/USD Price Analysis: Bears press 1.3700 critical daily support, the price of cable is firming at the projected support area and there is now a focus on the upside.

**EUR :** EUR/USD takes offers to refresh intraday and one-week low during three-day declines. US Treasury yields refresh multi-day high, fuels DXY for third consecutive day. Mixed concerns over Omicron, ECB v/s Fed battle keep pair sellers hopeful. German/Eurozone ZEW data, US second-tier activity, housing numbers will decorate calendar. EUR/USD buyers face rejection during early Tuesday morning in Asia as the quote tracks firmer US Treasury yields to test 1.1385 level, currently down 0.08% around 1.1400.

**INR:** The Indian rupee fell to near two-week low and was at 74.3750/74.3850 against the U.S. currency, compared with 74.2375/74.2475 in the previous session, on persistent dollar demand from oil companies. The benchmark 6.10% bond maturing in 2031 was at 96.05 rupees, yielding 6.67%, the highest since Jan. 15, 2020, and against 96.27 rupees and 6.64% yield at the previous close, tracking continuous uptick in U.S. Treasury yields and oil prices

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	114.90			
GBP/KES	151.50	157.40	GBP/USD	1.3660	1.3710
EUR/KES	125.50	131.90	EUR/USD	1.1430	1.1460
INR/KES		1.5620	AUD/USD	0.7230	0.7240
			USD/INR	74.15	74.10
			Commodities		
			Gold	1818	1819
			Brent Crude	87.32	86.22

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.309%	7.345%
182 Days	8.081%	8.041%
364 Days	9.474%	9.444%

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