

DAILY FOREX NEWSLETTER

Wednesday 19th January 2021

Local Markets:

The Kenyan shilling was unchanged on Tuesday, but it was still in a defensive posture due to robust cross-sector demand for dollars that outstripped inflows.

Top News:

- Asia's share markets struggled on Wednesday as U.S. Treasury yields hit fresh two-year highs and a global technology stock sell-off unsettled investors worrying about inflation and bracing for tighter U.S. monetary policy.
- Oil prices rose for a fourth day to a seven-year high as an outage on a pipeline from Iraq to Turkey increased concerns about an already tight supply outlook amid worrisome geopolitical troubles in Russia and the United Arab Emirates.

International Markets

USD: The dollar was up on Wednesday morning in Asia, with rising U.S. yields pushing it back above support levels that have not been hit in the past few months. Investors also continue to anticipate a hike in U.S. interest rates.

GBP: GBP/USD is a mix of bad UK political situation and cleaner bill of covid health. The BoE will be the focus for the day ahead along with UK CPI and PM Johnson's question time in Parliament. GBP/USD is a touch higher in Asia in a subdued market setting with the US dollar and yields stealing the show so far. At 1.3604, the price is 0.07% higher after rising from a low of 1.3585 to reach a high of 1.3605 so far. The US dollar, meanwhile, is attempting to make its claim to the 95.80s but is lacking momentum is a quiet start to Wednesday's trade.

EUR : EUR/USD: Bears take a breather ahead of 1.1300 key support. EUR/USD seesaws around 1.1320-25 during early Wednesday morning in Asia, having dropped the most in 12 days the previous day. The major currency pair's slump on Tuesday dragged MACD towards teasing the bears while breaking a two-month-long resistance-turned-support area of around 1.1380-85.

INR: USD/INR Bulls have eyes on 75.20 on US dollar strength. US yields are keeping the US dollar underpinned. USD/INR is currently trading at 74.7150 and higher by some 0.20% at the time of writing after rising from a low of 74.56 to a high of 74.72. US yields have marked a fresh cycle high in the 10-year Treasury yield which has lifted the greenback, if only marginally. DXY is testing the psychological 95.80 level:

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	114.90			
GBP/KES	151.10	156.80	GBP/USD	1.3635	1.3660
EUR/KES	125.50	130.60	EUR/USD	1.1370	1.1430
INR/KES		1.5600	AUD/USD	0.7220	0.7230
			USD/INR	74.56	74.15
			Commodities		
			Gold	1812	1818
			Brent Crude	88.53	87.32

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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