

# DAILY FOREX NEWSLETTER

Friday 21<sup>st</sup> January 2021

## Local Markets:

The Kenyan shilling traded on Thursday at all-time lows hit in the previous session on strong dollar demand especially from the importers in the energy sector. Kenya will issue a new Eurobond in the next two to three months to raise \$1 billion, part of its planned borrowing for this fiscal year, finance minister said on Thursday.

## Top News:

- Asian share markets and U.S. futures fell on Friday, after U.S. stocks took a knock overnight, hurt by lingering concerns over the Federal Reserve's tightening and weaker-than-expected economic and earnings data.
- Oil prices plunged on Friday, after rising to seven-year highs this week, as an increase in U.S. crude and fuel stockpiles prompted investors to take profits from the rally.

## International Markets

**USD:** The dollar was down on Friday morning in Asia. Fears that inflation will remain high and that the U.S. Federal Reserve will tighten its monetary policy soured investor sentiment, driving gains for the safe-haven Japanese yen vis-a-vis the riskier Australian dollar.

**GBP:** GBP/USD holds lower ground near weekly bottom, recently inactive. EU sees no fundamental change in UK's Brexit stance, warns of end to opportunity window next month. UK PM removes "Plan B" measures but fails to overcome political angst, BOE may announce another rate hike in February. Market sentiment dwindles amid pre-Fed concerns, UK Retail Sales may bolster hawkish BOE bets. GBP/USD differs from other risk-sensitive currency pairs to remain inactive around 1.3590-95 during early Friday. In doing so, the cable pair struggles to justify the risk-off mood amid contrasting signals concerning Brexit and the Bank of England's (BOE) next move ahead of the key UK Retail Sales for December.

**EUR:** EUR/USD staged a goodish intraday bounce from the Asian session low, near the 1.1300 mark. Declining US bond yields kept the USD bulls on the defensive and acted as a tailwind for the pair. The risk-off mood, Fed rate hike bets should underpin the USD and keep a lid on any strong gains. The EUR/USD pair quickly reversed an Asian session dip to a near two-week low and shot to a fresh daily high, around the 1.1335 region in the last hour.

**INR:** The Indian rupee was at 74.5100/74.5170 against the U.S. currency, compared with 74.50/74.51 in the previous session, amid corporate dollar sales and a broad global risk aversion.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	112.40	114.90			
<b>GBP/KES</b>	151.00	156.80	<b>GBP/USD</b>	1.3630	1.3645
<b>EUR/KES</b>	125.50	130.60	<b>EUR/USD</b>	1.1355	1.1375
<b>INR/KES</b>		1.5640	<b>AUD/USD</b>	0.7220	0.7265
			<b>USD/INR</b>	74.40	74.25
			<b>Commodities</b>		
			<b>Gold</b>	1840	1839
			<b>Brent Crude</b>	86.73	88.39

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.331%	7.309%
182 Days	8.069%	8.081%
364 Days	9.510%	9.474%

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