

# DAILY FOREX NEWSLETTER

Thursday 27th Jan 2021

## Local Markets:

The Kenya's shilling was stable on Wednesday, and it was expected it to ease due to importer dollar demand from the manufacturing and energy sectors. Kenya's Central Bank held its benchmark lending rate at 7.0% on Wednesday, the 12th consecutive time it has kept rates steady, warning that there were elevated global risks with the potential to impact the domestic economy

## Top News:

- Asian shares tumbled to their lowest in nearly 15 months, short-term U.S. yields rose to 23-month highs and the dollar strengthened on Thursday after the Federal Reserve's chairman signaled plans to steadily tighten policy.
- Oil prices fell on Thursday as investors cashed in profits from the 2% gains in the previous session after the U.S. Federal Reserve indicated an interest rate hike in March, leading to a technical correction in surging energy markets.

## International Markets

**USD:** The dollar was up on Thursday morning in Asia, hitting multi-week highs. The safe-haven U.S. currency got a boost after U.S. Federal Reserve chair Jerome Powell hinted at imminent interest hikes.

**GBP:** GBP/USD remains on the back foot around short-term critical supports. Downbeat MACD lines, failure to keep the bounce off one-month-old horizontal support area favour bears. Bulls need to cross fortnight-old resistance line to retake control. GBP/USD battles key supports as sellers poke 1.3460 during early Thursday. The cable pair broke the 200-SMA following the US Federal Reserve's (Fed) hawkish verdicts. However, clear trading beneath the same becomes necessary to convince the bears.

**EUR:** EUR/USD bears stay in control as Asian shares take a plunge. The Fed's hawkishness is reverberating throughout global markets, weighing on risk-sensitive currencies. The US dollar is bid in Asia and risk aversion remains in play while investors fret over the Federal Reserve's plans to steadily tighten policy and political tensions between Russia and Ukraine. The euro, which trades as a proxy to these themes is continuing to bleed out from Wednesday's slide in EUR/USD.

**INR:** USD/INR rises for the fourth consecutive day on hawkish Fed. Two-week-old ascending trend channel may test the bulls, sellers need 74.55 breakout to keep reins. Firmer MACD signals, a clear break of 200-SMA favor bulls. USD/INR stays firmer at the highest levels in five weeks around 75.12 during Thursday's Asian session.

## 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>	149.10	154.70	<b>GBP/USD</b>	1.3480	1.3530
<b>EUR/KES</b>	124.50	129.25	<b>EUR/USD</b>	1.1260	1.1330
<b>INR/KES</b>		1.5480	<b>AUD/USD</b>	0.7120	0.7180
			<b>USD/INR</b>	75.10	74.58
			<b>Commodities</b>		
			<b>Gold</b>	1814	1847
			<b>Brent Crude</b>	89.17	87.94

## 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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