

DAILY FOREX NEWSLETTER

Wednesday, 24th December 2020

Local Markets:

The Kenyan Shilling strengthened on Wednesday due to commercial banks selling off dollars and thin importer demand.

Top News:

- Gold prices steadied on Thursday as investors balanced elevated U.S. jobless claims that undermined a nascent economic recovery with U.S. President Donald Trump's threat to veto a long-awaited stimulus bill.
- Oil extended gains on Thursday as a drawdown in U.S. stockpiles of crude and gasoline lifted demand hopes, while investors also cheered a potential Brexit trade deal.

International Markets

USD: The dollar was down on Thursday morning in Asia, with investors retreating from the safe-haven greenback and turning to the pound over expectations of an imminent Brexit deal that could help the U.K. avoid a turbulent economic rupture come Jan. 1. The index has lost more than 6% during 2020 over investor bets that the U.S. Federal Reserve will maintain an accommodative monetary policy and expectations of more fiscal stimulus in 2021 to aid economic recovery from COVID-19. Some investors forecast that an expected further decline in the greenback will boost stock markets and emerging-market currencies.

GBP: GBP/USD keeps previous day's recovery moves to print second weekly run-up. Brussels, London up for releasing Brexit progress early Thursday morning in Europe, rumors favor a trade deal before holidays. US President Donald Trump obstructs stimulus, defense bill. UK bans travel from South Africa over covid variant, vaccine providers say they can cure the virus strain. GBP/USD eases from the intraday high of 1.3563 to 1.3550 while heading into the London open on Thursday. Even so, the Cable prints 0.30% gains on a day while rising for the second consecutive week.

EUR: EUR/USD remains on the bid as the US dollar suffers. Risk-on mood prevails on an imminent Brexit deal. Brexit updates and pre-X-mas thin trading – key. EUR/USD eases from highs, clinging onto the 1.2200 level ahead of the European open. The bulls ride the Brexit optimism wave, with a potential breakthrough likely to be announced at 1100 GMT. The UK and the European Union are on the cusp of reaching a long-awaited Brexit trade deal.

INR: The rupee snapped its two-day losing streak to settle higher by 8 paise at 73.76 (provisional) against the US dollar on Wednesday, tracking strong domestic equities and sustained foreign fund inflows. At the interbank forex market, the local unit opened at 73.89 against the greenback and witnessed an intra-day high of 73.73 and a low of 73.90.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.30	109.80			
GBP/KES	144.30	149.20	GBP/USD	1.3560	1.3410
EUR/KES	130.50	134.30	EUR/USD	1.2210	1.2195
INR/KES		1.5320	AUD/USD	0.7590	0.7555
			USD/INR	73.60	73.80
			Commodities		
			Gold	1880	1870
			Brent Crude	51.58	49.30

T-Bills Rates:

Duration	Current	Previous
91 Days	6.916%	6.901%
182 Days	7.399%	7.363%
364 Days	8.283%	8.246%

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