

DAILY FOREX NEWSLETTER

Wednesday, 09th December 2020

Local Markets:

The Kenyan Shilling was stable against the dollar on Tuesday mainly due to lower demand for hard currency.

Top News:

- Gold was down on Wednesday morning in Asia, giving up gains made during Tuesday's Asia session.
- Oil was down on Wednesday morning in Asia, with concerns mounting after a larger-than-expected build in U.S. crude oil supplies during the previous week. However, positive vaccines news fueled hopes of a recovery in fuel demand and capped the black liquid's losses.

International Markets

USD: The dollar was down on Wednesday morning in Asia, with investors taking stock of the risks ahead ranging from Brexit trade talks between the U.K. and the European Union (EU) to the U.S. Congress' debate over the latest COVID-19 stimulus measures. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.06% to 90.898. The dollar is around half a percent above the two-and-a-half-year low seen on Friday as short sellers jumped in.

GBP: GBP/USD picks up bids amid fresh risk-on mood, probes intraday top. UK's dropping of an IMB clause may help PM Boris Johnson to have a nice dinner with EU Chief Ursula von der Leyen. British Cabinet Minister Michael Gove's "in principle agreement" could not get the bloc's accolades. EU's Brexit negotiator Michel Barnier says the chance of deal is 'very slim'. GBP/USD rises to 1.3380, up 0.17% intraday, while heading into Wednesday's London open. The Cable recently picked up bids as the US dollar dropped across the board on the market players rush to equities, amid stimulus hopes.

EUR: EUR/USD rises as the dollar drops with resilient risk sentiment. Asian stocks reach new record highs on stimulus hopes. The US stock market positioning looks overstretched, according to Goldman Sachs. Having defended 1.21 during the early Wednesday, EUR/USD now gains altitude alongside fresh record highs in the Asian stocks. EUR/USD has added 20 pips to trade above 1.2120. Sellers have consistently failed to establish a foothold below 1.21 this week even though the European Central Bank is expected to announce more stimulus this Thursday.

INR: The rupee strengthened by 11 paise to 73.49 against the US dollar in opening trade on Wednesday, supported by foreign portfolio flows and strong opening in domestic equities. Traders said weakening of the American currency in the overseas market also supported the local unit. At the interbank forex market, the domestic unit opened at 73.58 against the US dollar, then gained further ground and touched 73.49, registering a rise of 11 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	109.75	112.25			
GBP/KES	145.50	150.50	GBP/USD	1.3380	1.3365
EUR/KES	132.20	136.45	EUR/USD	1.2130	1.2125
INR/KES		1.5500	AUD/USD	0.7445	0.7425
			USD/INR	73.55	73.70
			Commodities		
			Gold	1864	1871
			Brent Crude	48.70	4845

T-Bills Rates:

Duration	Current	Previous
91 Days	6.861%	6.730%
182 Days	7.333%	7.193%
364 Days	8.204%	8.151%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.