

DAILY FOREX NEWSLETTER

Tuesday, 5th January 2021

Local Markets:

The Kenyan shilling was stable on Monday due to slow demand as businesses return to work following the end-of-year holidays.

Top News:

- Asian shares fell on Tuesday amid uncertainty about Senate runoffs in Georgia, which could have a big impact on incoming U.S. President Joe Biden's economic policies.
- Oil prices were little changed on Tuesday after OPEC and allied producers, including Russia, continued deadlocked talks on February output while fuel demand concerns lingered on amid new COVID-19 lockdown.

International Markets

USD: The dollar found support as concerns about surging COVID-19 cases and uncertainty about U.S. runoff elections in Georgia fueled demand for safer assets. The greenback held gains from overnight in early Asian trading on Tuesday after U.S. stocks retreated from record highs at the start of the new year.

GBP: GBP/USD trims the previous day's losses with eyes on April 2018 peak. US dollar drops amid cautious optimism backed by virus vaccine, Georgian runoff hopes. UK announced third lockdown, fears of South African variant of covid also loom. US ISM Manufacturing PMI, UK virus updates and American politics will be the key. GBP/USD picks up the bids around 1.3590, up 0.17% intraday while heading into the London open on Tuesday. The cable took a U-turn from the fresh high since April 2018 the previous and marked the heaviest losses in a week as the UK bears the burden of the coronavirus (COVID-19) resurgence.

EUR: EUR/USD struggles to establish a foothold above 1.23. Technical studies and market positioning show scope for a pullback. Democratic sweep in Georgia elections could bring stronger buying pressure. EUR/USD failed to keep gains above 1.23 for the third consecutive trading day on Monday.

INR: The Indian rupee was at 73.15/73.16 to the dollar against 73.02/73.03 in the previous session, tracking a pullback in most Asian currencies and equities amid concerns over lockdowns in major economies. The benchmark 5.77% bond maturing in 2030 was at 99.38 rupees, yielding 5.85%, against 99.34 rupees and 5.86% yield at the previous close, as traders awaited a state debt sale. The one-year swap rate was trading five basis points lower at 3.64%, while the benchmark five-year swap rate was four bps down at 4.55% against 4.59% yesterday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.50	109.80			
GBP/KES	147.50	149.80	GBP/USD	1.3640	1.3690
EUR/KES	132.50	135.10	EUR/USD	1.2290	1.2285
INR/KES		1.5200	AUD/USD	0.7745	0.7740
			USD/INR	72.90	72.75
			Commodities		
			Gold	1939	1920
			Brent Crude	51.00	52.43

T-Bills Rates:

Duration	Current	Previous
91 Days	6.906%	6.929%
182 Days	7.400%	7.403%
364 Days	8.348%	8.338%

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