

DAILY FOREX NEWSLETTER

Thursday, 7th January 2021

Local Markets:

The Kenyan shilling was slightly weaker against the dollar on Wednesday amid importer demand coming back to the market and improving liquidity of the shilling.

Top News:

- Gold prices edged lower on Thursday as firmer Treasury yields eclipsed support from a Democrat sweep in Georgia Senate runoffs that boosted hopes for more stimulus.
- Oil prices were steady on Thursday after supporters of President Donald Trump stormed the U.S. Capitol, with investors focusing on the likelihood of tighter supplies after Saudi Arabia unilaterally agreed to cut output.

International Markets

USD: The dollar languished near its lowest level in nearly three years on Thursday after Democrats won control of the U.S. Senate, clearing the way for a larger fiscal stimulus under President-elect Joe Biden. Currency markets were largely unperturbed by scenes of chaos in Washington as supporters of outgoing President Donald Trump stormed Capitol Hill. Analysts generally assume a Democrat-controlled Senate would be a net positive for economic growth globally and thus for most risk assets, but negative for bonds and the dollar as the U.S. budget and trade deficits may widen further.

GBP: GBP/USD fades bounce off intraday low after Wednesday's downbeat performance. NHS expects London to be overwhelmed by virus in a fortnight, general practitioners pushed to prioritize vaccinations over routines. US policymakers return to Capitol Hill after a brief stunt that disturbed Electoral College voting. Announcements from the US Congress, virus updates and activity numbers from the UK and America will be the key. GBP/USD eases from 1.3609 to 1.3601, down 0.06% on a day, while heading into the London open on Thursday.

EUR: EUR/USD looks to have found acceptance above 1.23. The Dollar remains weak on expectations for bigger fiscal stimulus under the Democrat-controlled Senate. EUR/USD closed above 1.23 on Wednesday after failing to do the same in the previous four trading days. At press time, the pair is trading near 1.2325, having set fresh multi-year highs above 1.2340 during the overnight trade. The pair has taken out the resistance at 1.23, with the US dollar losing ground on increased expectations for significant fiscal stimulus.

INR: The rupee appreciated by 6 paise to close at 73.11 (against the US dollar on Wednesday, supported by sustained foreign fund inflows and weaker American currency against key rivals. At the interbank forex market, the domestic unit opened at 73.16 against the US dollar and witnessed an intra-day high of 73.05 and a low of 73.19. The local unit finally settled at 73.11, registering a rise of 6 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.50	110.00			
GBP/KES	145.10	149.80	GBP/USD	1.3590	1.3615
EUR/KES	132.10	135.75	EUR/USD	1.2315	1.2305
INR/KES		1.5300	AUD/USD	0.7790	0.7780
			USD/INR	73.05	73.05
			Commodities		
			Gold	1919	1948
			Brent Crude	54.59	53.94

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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