

DAILY FOREX NEWSLETTER

Tuesday 18th May 2021

Local Markets:

The Kenya Shilling was stable on Monday and is expected to weaken due to dollar demand from oil importers.

Top News:

- Shares in Asia-Pacific mostly jumped in Tuesday morning trade, as stocks in Taiwan led gains among the region's major markets. The Taiex in Taiwan surged 4.93% in Tuesday afternoon trade. Those gains followed a nearly 3% drop on Monday amid fears of domestic coronavirus infections.
- Oil prices climbed on Tuesday, extending gains from the previous day, as optimism over the reopening of the U.S. and European economies outweighed fears of slower fuel demand in Asia due to surging COVID-19 cases and a new wave of restrictions.

International Markets

USD: The dollar was down on Tuesday morning in Asia, hitting a six-year low against its Canadian counterpart and hovering close to multi-month lows against European currencies, as investors ramped up bets that the U.S. Federal Reserve would not hike interest rates anytime soon.

GBP: GBP/USD is on the warpath as the US dollar loses traction and support of yields. Bulls target the 1.42 area in a break on the daily resistance. GBP/USD is currently trading at 1.4166 adding 40 pips on the day so far to trade 0.3% higher. Cable has travelled between a low of 1.4125 to a high of 1.4174 while the greenback teeters near multi-month lows with Treasury yields stalling due. There are renewed expectations that US interest rates will remain low for an extended period after more Fed talk advocated for a lower-for-longer regime.

EUR: EUR/USD refreshes weekly top, stays on the front foot for fourth consecutive day. Vaccine optimism extends US dollar weakness amid a light calendar. Eurozone GDP could justify European Commission's upbeat forecast. ECB President Lagarde may add to vaccine news, economic recovery hopes. EUR/USD posts mild gains around 1.2165, up 0.11% intraday, after an initial uptick to refresh the weekly top ahead of Tuesday's European session. Although the broad US dollar selling, amid risk-on mood, favours the bulls, the currency major pair awaits second readings of Eurozone Q1 GDP and comments from ECB President Christine Lagarde for fresh impulse.

INR: The Indian rupee was trading marginally higher against the U.S. currency tracking a further decline in the dollar index amid positive risk sentiment. The rupee was trading at 73.14 against 73.21 in the previous session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.65	107.65			
GBP/KES	151.00	152.70	GBP/USD	1.4225	1.4135
EUR/KES	129.50	131.10	EUR/USD	1.2210	1.2165
INR/KES		1.4850	AUD/USD	0.7835	0.7790
			USD/INR	72.90	73.14
			Commodities		
			Gold	1871	1853
			Brent Crude	69.64	68.70

T-Bills Rates:

Duration	Current	Previous
91 Days	7.156%	7.152%
182 Days	7.995%	7.990%
364 Days	9.365%	9.424%

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