

DAILY FOREX NEWSLETTER

Wednesday 19th May 2021

Local Markets:

The Kenyan shilling was stable on Tuesday with little activity from importers and scant dollar inflow. Kenya's Eurobonds rallied on Tuesday, with the 2032 and 2048 issues climbing more than 1 cent after Nairobi reached a staff-level agreement with the International Monetary Fund that could see the country receive \$410 million in funding.

Top News:

- Asian stocks dipped and cryptocurrencies extended losses on Wednesday as uncertainties over inflation prompted investors to reduce exposure to riskier assets for now.
- Oil prices fell for a second day on Wednesday on the potential of Iranian supply returning and as investors sold on speculation that inflation fears might lead the U.S. Federal Reserve to raise interest rates, which could limit economic growth.

International Markets

USD: The dollar dipped on Tuesday for the fourth straight session, reaching its lowest level against a basket of currencies since late February on waning fears that inflation spikes could prompt the Federal Reserve to raise interest rates sooner than anticipated.

GBP: GBP/USD consolidates the previous day's gains in a choppy range. UK's Frost warns of NI turbulence, PM Johnson backs tariff-free trade deal with Australia. Fears of Indian variant probing unlock plans battle BOE's assurance of no policy adjustments, for now. UK CPI, FOMC minutes will be the key for fresh impulse. GBP/USD bulls catch a breather around 1.4180-90 after a three-day uptrend that poked yearly high the previous day. In doing so, the cable portrays cautious sentiment ahead of the key UK Consumer Price Index (CPI) data and the US Federal Open Market Committee (FOMC) meeting minutes during early Wednesday.

EUR: EUR/USD sits at three-month tops above 1.2200 ahead of a busy docket. EUR/USD is flirting with three-month highs near 1.2230 amid a tepid risk sentiment. The pair is in a continuous bull run from the lows of 1.1985. US Treasury yields retreat, keeping US dollar demand under check. Focus shifts to Eurozone CPI, FOMC minutes.

INR: USD/INR remains depressed for fifth consecutive day near seven-week low. Indian economic activities drop for the seventh week, GDP expected to contract for April-June period. Covid cases ebb but no signs of overcoming the pandemic as cyclone Tauktae adds to worries. US FOMC Meeting Minutes, risk catalysts can offer fresh impulse. USD/INR marks a full one-week south-run while taking offers around 73.00, near late March lows, amid Wednesday's initial Indian session trading. In doing so, the Indian rupee (INR) pair cheers US dollar weakness while paying a little heed to the fundamental drawbacks at home.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.85	107.90			
GBP/KES	151.90	153.10	GBP/USD	1.4245	1.4225
EUR/KES	131.00	132.20	EUR/USD	1.2280	1.2210
INR/KES		1.4925	AUD/USD	0.7820	0.7835
			USD/INR	72.80	72.90
			Commodities		
			Gold	1869	1871
			Brent Crude	68.01	69.64

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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