

# DAILY FOREX NEWSLETTER

Monday 24th May 2021

## Local Markets:

The Kenyan shilling weakened on Friday, undermined by importer dollar demand as they prepare to meet their end-month obligations.

## Top News:

- Asian shares got off to a cautious start on Monday as investors awaited key U.S. inflation readings for guidance on monetary policy, while Bitcoin tried to steady after being hammered on news of China's crackdown on mining and trading of the cryptocurrency.
- Oil prices jumped 2% on Friday after three days of losses, driven higher as a storm formed in the Gulf of Mexico, but were on track for a weekly fall as investors braced for the return of Iranian crude supplies after officials said Iran and world powers made progress a nuclear deal.

## International Markets

**USD:** The dollar was up on Monday morning in Asia but remained near its lowest level in three months. Investors remain concerned that the U.S.' continuous economic recovery from COVID-19 could lead to a slowdown of U.S. stimulus measures earlier than expected.

**GBP:** GBP/USD stretches Friday's downbeat momentum, refreshes intraday low. France warns UK over NI deal, British aircraft tour to Indo-Pacific could escalate tussle with China. UK diplomats seem confident over June 21 unlock deadline amid upbeat vaccine performance on Indian variant of covid. Reflation, Fed speak should be observed closely amid a light calendar and recent US dollar strength. GBP/USD drops for the second consecutive day, around an intraday low of 1.4137, amid Monday's Asian session. In doing so, the cable pair struggles to justify tapering fears and upbeat sentiment over the UK's easing of virus-led activity restrictions, not to forget Brexit woes.

**EUR:** EUR/USD portrays a sluggish start to the week. Fed speak highlights reflation fears, backs the need for tapering talks. Vaccine optimism battle virus strain fears amid upbeat economics. Second-tier US data, Fed's Brainard waited for fresh impulse, risk-aversion can favor sellers. EUR/USD looks for fresh clues while portraying a dormant day around 1.2180, heading into Monday's European session. The currency major pair dropped the previous day as the market's reflation fears put a bid under the US dollar. However, the lack of major directives afterward keeps traders troubling amid a quiet Asian session.

**INR:** USD/INR bounces off intraday low but stays mildly offered. Downside break of 61.8% Fibonacci retracement level, MACD signal back sellers. Weekly closing beyond 74.50 could convince buyers, 17-month-old support line tests bears. USD/INR remains on a back foot, despite recent corrective pullback to 72.86, down 0.07% intraday, amid early Monday. In doing so, the Indian rupee (INR) pair keeps the previous week's downside break of 61.8% Fibonacci retracement of September 2019 to April 2020 upside. Also favouring the USD/INR sellers is the MACD conditions that tease bears of late.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.70	108.75			
<b>GBP/KES</b>	152.50	153.95	<b>GBP/USD</b>	1.4190	1.4220
<b>EUR/KES</b>	131.20	132.70	<b>EUR/USD</b>	1.2230	1.2270
<b>INR/KES</b>		1.4980	<b>AUD/USD</b>	0.7780	0.7790
			<b>USD/INR</b>	72.78	72.80
			<b>Commodities</b>		
			<b>Gold</b>	1884	1876
			<b>Brent Crude</b>	66.85	65.32

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.155%	7.156%
182 Days	7.953%	7.995%
364 Days	9.284%	9.365%

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.