

DAILY FOREX NEWSLETTER

Wednesday 26th May 2021

Local Markets:

The Kenyan shilling held steady against the dollar on Tuesday as a drop in portfolio inflows curbed expectations of a rally.

Top News:

- Asian shares rose on Wednesday while the U.S. dollar stood near its lowest levels this year after U.S. Federal Reserve officials reaffirmed a dovish monetary policy stance, providing yet more assurance to investors worried about the inflation outlook.
- Oil prices were steady on Wednesday as concerns a possible resumption in Iranian supply would cause a glut were offset by hopes for stronger U.S. fuel demand after a drop in weekly inventory estimates by the American Petroleum Institute

International Markets

USD: The dollar was down on Wednesday morning in Asia, near its lowest level since early January 2021, as U.S. Federal Reserve officials reiterated that any inflation will be transitory, and the Fed will maintain its current dovish monetary policy

GBP: GBP/USD consolidates below the 1.4200 mark on Wednesday. Bears lookout for a break below the 50-SMA on the hourly chart. Neutral MACD asks for confirmation before any aggressive bets. The GBP/USD pair extends the previous day's consolidation move into the Asian session. The pair is confined in a narrow trading band of 1.4140-1.4160 for the time being.

EUR: EUR/USD prints three-day uptrend near early January tops. Fed speak, downbeat US data finally seem to fade reflation, tapering fears. US Treasury yields snap four-day downtrend but fail to recall greenback buyers. Covid, geopolitics add strength to the risk-on mood amid a light calendar. EUR/USD stays well bid near the intraday high of 1.2260, up 0.07% on a day, heading into Wednesday's European session. The currency major pair jumped to the fresh high since January 08 the previous day amid broad US dollar weakness while the risk-on mood can be traced for the quote's latest run-up.

INR: USD/INR stands on slippery ground near multi-day low, drops for fifth consecutive day. Risk-on mood weighs on the US dollar, downbeat options market also weigh on the quote. SBI report anticipates slower fall in Indian GDP, covid infections in India ease of late. Market sentiment favor bears, risk catalysts are the key to follow. USD/INR takes offers around 72.65, down 0.21% intraday, amid the initial Indian trading session on Wednesday. The Indian rupee (INR) pair cheers the broad US dollar weakness, amid risk-on mood, to test the lowest levels since March 29.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.20	108.30			
GBP/KES	151.80	153.00	GBP/USD	1.4190	1.4195
EUR/KES	131.00	132.70	EUR/USD	1.2290	1.2265
INR/KES		1.4980	AUD/USD	0.7810	0.7790
			USD/INR	72.59	72.76
			Commodities		
			Gold	1905	1873
			Brent Crude	68.71	68.68

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.