

# DAILY FOREX NEWSLETTER

Monday 31st May 2021

## Local Markets:

The Kenyan shilling held steady against the dollar on Friday and traders said it was likely to gain from an imminent infusion of \$750 million from a World Bank loan.

## Top News:

- Asian shares were trying to extend their recent rally to a third week on Monday in the hope U.S. jobs figures show the expected revival in hiring in May and keep the global recovery on track.
- Oil prices climbed in early Asian trade on Monday, underpinned by the bright outlook for fuel demand growth in the next quarter, while investors looked ahead to the OPEC+ meeting this week for supply guidance.

## International Markets

**USD:** The dollar held near a two-month high against the yen on Monday after a key measure of U.S. inflation showed stronger price gains than expected, keeping alive expectations of an eventual tapering in the Federal Reserve's asset buying.

**GBP:** GBP/USD extends the weekly gains, retests multi-month high near 1.4200. Lower US Treasury yields weigh on the demand for the US dollar. Upbeat economic outlook keeps the pound on the front foot. The GBP/USD started the week on a positive note with modest gains on Monday. The pair moves in a narrow trading band of 20-pips. At the time of writing, the GBP/USD pair trades at 1.4198, up 0.07% for the day. GBP/USD remains largely unchanged and makes the usual move between 1.4170-1.4220 witnessed in the previous week. The pair edged higher on Thursday, retesting the weekly highs near 1.4230 in the wake of Bank of England (BOE) policymaker Gertjan Vlieghe's comments on the probable rate hike.

**EUR:** EUR/USD reverses Friday's losses even as bulls step back from intraday top. Off in US, stimulus hopes propel risk-on mood, drag DXY. Germany's Preliminary HICP for May keeps reflation fears on the table but not signaling ECB to become Fed. Risk catalysts will be on the driver's seat amid long weekend in the US, the UK. EUR/USD extends Friday's recovery moves to 1.2205, up 0.07% intraday, heading into Monday's European session. The currency major pair dropped to the lowest in two weeks the previous day before bouncing off 1.2132 amid the market's risk-on mood that favors the buyers amid a quiet session backed by a US long weekend in American and Britain. However, cautious sentiment ahead of Germany's preliminary Harmonized Index of Consumer Prices for May seems to test the bulls of late.

**INR:** The Indian rupee was trading higher against the U.S. currency, helped by a further rise in the Chinese yuan and dollar sales by two private banks on behalf of their exporter clients. The rupee was trading around 72.35 to a dollar compared with 72.44 in the previous session

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.10	107.90			
<b>GBP/KES</b>	152.00	153.20	<b>GBP/USD</b>	1.4240	1.4220
<b>EUR/KES</b>	130.50	131.80	<b>EUR/USD</b>	1.2250	1.2210
<b>INR/KES</b>		1.4980	<b>AUD/USD</b>	0.7770	0.7780
			<b>USD/INR</b>	72.23	72.25
			<b>Commodities</b>		
			<b>Gold</b>	1907	1892
			<b>Brent Crude</b>	69.10	69.65

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.139%	7.155%
182 Days	7.865%	7.953%
364 Days	9.156%	9.284%

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