

DAILY FOREX NEWSLETTER

Wednesday 2nd June 2021

Local Markets:

The Kenyan shilling was little changed on Monday, as outflows and dollar demand were well-balanced in quiet trade ahead of a national holiday on Tuesday,

Top News:

- Asian shares edged up to near three-month highs on Wednesday and global equities held steady near a record as data showing higher U.S. manufacturing activity in May cheered investors looking for signs of a continued rebound in the world's largest economy.
- Oil prices rose on Wednesday after OPEC and its allies stuck to their plan to cautiously return oil supply in June and July while expecting fuel demand to rebound strongly during the U.S. summer.

International Markets

USD: The dollar clung to small gains from overnight on Wednesday, edging back from near a five-month trough versus major peers, as a pickup in U.S. manufacturing kept bets alive for a quicker normalization of Federal Reserve policy.

GBP: GBP/USD consolidates below 1.4170 in the Asian session. Pair reverses gains from a multi-month high near 1.4230. Negative divergence in momentum oscillator throws caution on aggressive bids. The GBP/USD pair trades cautiously above 1.4150 on Wednesday morning. The pair licks its wound after falling sharply from the highs of 1.4248 in the previous session.

EUR: EUR/USD reverses Tuesday's pullback from weekly top, battles intraday high of late. Hopes of further stimulus, US-China trade headlines weigh on DXY amid a quiet session. German Retail Sales could pause three-month recovery, ECB's Lagarde may keep rejecting reflation fears. Tapering, inflation and covid updates may entertain traders ahead of Friday's US NFP. EUR/USD stays mildly bid above 1.2200, up 0.10% intraday around 1.2225, heading into Wednesday's European session. The major currency pair refreshed its weekly high on Tuesday, just to post the highest daily losses in over a week, amid US dollar moves and mixed catalysts at home. The quote's latest moves could be traced to the sluggish session in Asia as well as the US dollar's attempt to keep the previous day's rebound.

INR: USD/INR prints three-day uptrend, recently on the bids. Indian exports jump 12.4% for April-May 2021 but factory activity growth slowed significantly. RBI may keep the benchmark rates unchanged, infuse liquidity on Friday. US dollar rebound adds to the bullish momentum. USD/INR jumps to a fortnight top during the three-day rise on early Wednesday. The Indian rupee (INR) pair recently took bids after the nation's PMI data suggests the economy fades recovery moves initially expected in early 2021.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 107.20 | 108.15 | | | |
| GBP/KES | 152.00 | 153.10 | GBP/USD | 1.4190 | 1.4240 |
| EUR/KES | 131.00 | 132.10 | EUR/USD | 1.2255 | 1.2250 |
| INR/KES | | 1.4920 | AUD/USD | 0.7780 | 0.7770 |
| | | | USD/INR | 73.10 | 72.23 |
| | | | Commodities | | |
| | | | Gold | 1897 | 1907 |
| | | | Brent Crude | 70.52 | 69.10 |

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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