

DAILY FX NEWSLETTER 10th August 2020

Local Markets:

The Kenyan shilling weakened on Friday due to high dollar demand from oil importers.

Top News:

- Gold prices fell on Monday as the dollar held onto gains made after better-than-expected U.S. payrolls data, while investors kept a close eye on Sino-U.S. relations ahead of scheduled trade talks.
- Oil prices climbed on Monday, supported by Saudi optimism on Asian demand and an Iraqi pledge to deepen supply cuts, although uncertainty over a deal to shore up the U.S. economic recovery capped gains.

International Markets

USD: The U.S. dollar was struggling to keep a rare rally together on Monday as its longest losing streak in a decade left much of the market structurally short of the currency and vulnerable to a squeeze on any upbeat news. Bears were caught out by a better payrolls report on Friday, which pushed Treasury yields higher into this week's massive \$112 billion debt sale. Yet the dollar still ended lower for the seventh week in a row.

GBP: GBP/USD prints mild gains while extending recovery moves from 1.3041. Fresh US dollar selling ignores fears of further hardships for the UK's labor market. British PM Johnson determined to open schools in September, suspension over daily death data likely. Brexit optimism, UK-Japan trade talks and hopes of further stimulus favor the bulls. GBP/USD picks up the bids near 1.3070, up 0.16% on a day, while heading into the London open on Monday. The Cable registered the biggest losses since June 24 on Friday. However, the US dollar's failure to keep the latest gains recalled the bulls despite not so upbeat headlines from the UK.

EUR: EUR/USD trades flat around 1.1795 after Friday's 0.78% decline. The oversold dollar may draw haven bids due to fiscal impasse in Washington. Friday's slide confirmed a bearish reversal on the daily chart. EUR/USD is lacking a clear directional bias on Monday, having declined by 0.78% on Friday to register its biggest single day decline in over four months.

INR: The rupee on Monday opened 2 paise down at 74.95 against the US dollar due to some buying in American currency by banks and importers. The US dollar rose against its major crosses despite US employment growing at a slower pace considerably in July amid a resurgence in new Covid-19 infections. Nonfarm payrolls increased by 1.76 million jobs last month after a record 4.79 million in June.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.30	108.50			
GBP/KES	140.10	142.15	GBP/USD	1.3080	1.3140
EUR/KES	126.35	128.30	EUR/USD	1.1800	1.1855
INR/KES		1.4600	AUD/USD	0.7175	0.7220
			USD/INR	74.80	74.85
			Commodities		
			Gold	2033	2059
			Brent Crude	44.86	45.02

T-Bills Rates:

Duration	Current	Previous
91 Days	6.123%	6.121%
182 Days	6.549%	6.455%
364 Days	7.455%	7.391%

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.