

## DAILY FX NEWSLETTER

12<sup>th</sup> August 2020

### Local Markets:

The Kenyan shilling was stable on Tuesday supported by the central bank's mopping up of excess liquidity in the market through term auction deposits.

### Top News:

- Gold clawed back some lost ground on Wednesday, after sinking 6% in the previous session, as equities stalled on doubts over an additional round of U.S. fiscal stimulus and rising Sino-U.S. tensions.
- Oil prices moved higher on Wednesday after an industry report showed that U.S. inventories of crude fell more than analysts had expected, bolstering hopes that fuel demand in the world's biggest economy can weather the coronavirus pandemic.

### International Markets

**USD:** The dollar found support on Wednesday, as a jump in U.S. yields pushed it higher against the Japanese yen and investors wagered on a broader and deeper U.S. coronavirus recovery. Elsewhere in financial markets, focus was on the political holdup in Washington over a new stimulus package, which capped broader investor sentiment. Against a basket of currencies, the dollar extended a bounce made last Friday as U.S.-China tensions ratcheted higher with President Donald Trump's ban on TikTok and WeChat.

**GBP:** GBP/USD struggles to keep the bounce off 1.3041. Sustained trading below 50-bar SMA, bearish MACD favor sellers. A two-week-old ascending trend line offers immediate support ahead of 100-bar SMA. GBP/USD seesaws near 1.3050/55 as markets in Tokyo open for trading on Wednesday. Although the Cable currently probes the previous day's fall, it's failures to cross 50-bar SMA joins bearish MACD conditions to suggest further downside. As a result, an ascending trend line from July 30, at 1.3030 now, gains the sellers' immediate attention before targeting the 1.3000 threshold and 100-bar SMA level of 1.2965.

**EUR:** EUR/USD drops 0.15% as dollar benefits from the rise in US yields. US yields harden ahead of record bond auction. The Eurozone Industrial Production and US CPI may influence the pair on Wednesday. EUR/USD is flashing red on Wednesday with the American dollar drawing bids on resurgent treasury yields. The pair is trading at 1.1722 at press time, representing a 0.15% decline on the day, having put in a 26-month high of 1.1916 on Aug. 6.

**INR:** The rupee on Wednesday inched lower by 5 paise to 74.82 against the US dollar in Wednesday's morning trade tracking some weakness in the domestic equity market and strengthening dollar index. However, the local currency opened almost flat at 74.77 against the previous close of 74.78 per dollar. On the domestic front, volatility for the currency remained low on Tuesday ahead of the important industrial production number that was released yesterday.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.55	108.75			
<b>GBP/KES</b>	140.05	142.15	<b>GBP/USD</b>	1.3045	1.3095
<b>EUR/KES</b>	125.95	127.85	<b>EUR/USD</b>	1.1735	1.1765
<b>INR/KES</b>		1.4665	<b>AUD/USD</b>	0.7130	0.7185
			<b>USD/INR</b>	74.65	74.75
			<b>Commodities</b>		
			<b>Gold</b>	1891	2009
			<b>Brent Crude</b>	44.69	45.19

### T-Bills Rates:

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

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