

DAILY FX NEWSLETTER

13th August 2020

Local Markets:

The shilling traded weaker on Wednesday due to corporate dollar demand, mainly by Importers.

Top News:

- Gold prices rose on Thursday, holding firm above the key \$1900 per ounce level, as a weaker U.S. dollar and concerns over the global economic recovery from the mounting COVID-19 cases boosted demand for the safe-haven metal.
- Crude oil prices eased slightly on Thursday but held most of their gains from the previous session after U.S. government data showed a fall in inventories, supporting the view that fuel demand is returning despite the coronavirus pandemic.

International Markets

USD: The dollar fell against most of its peers on Thursday amid fading hopes for a compromise between Republicans and Democrats over additional stimulus for the U.S. economy. The greenback was hampered by a decline in Treasury yields, but analysts say this is likely only a temporary setback because U.S. lawmakers will eventually agree to more stimulus to help the economy recover from the coronavirus.

GBP: GBP/USD snaps two-day losing streak, capped around 1.3075 off-late. UK GDP confirms recession, business leaders, trade unions urge extension of furlough. Brexit remains gloomy but US cut some UK goods from the tariff list, Britain-Japan trade talks stuck over stilton cheese. US Jobless Claims, risk catalysts in focus amid a light calendar in the UK. GBP/USD eases from intraday high of 1.3073 to 1.3058 while heading into the London open on Thursday. Even so, the pair keeps its pullback from the previous day's low of 1.3005. Although no major positives have crossed wires, as far as the UK is concerned, broad US dollar weakness and the quote's consolidation after two consecutive days of fall could be cited as the reason for the latest recovery.

EUR: EUR/USD has cleared hurdle at 1.18 alongside a decline in US yields. The US 10-year yield has retreated from five-week highs. A fiscal impasse in Washington is likely weighing over yields and the dollar. EUR/USD is trading in the green above 1.18 on Thursday with the dollar losing smile seemingly due to weakness in treasury yields.

INR: The rupee slipped 5 paise to close at 74.83 (provisional) against the US dollar on Wednesday tracking muted domestic equities. The local unit opened at 74.78 at the interbank forex market, then lost ground and finally settled at 74.83 against the US dollar, down 5 paise over its last close of 74.78. During the session, the domestic unit witnessed an intra-day high of 74.77 and a low of 74.93 against the greenback.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.55	108.75			
GBP/KES	140.45	142.55	GBP/USD	1.3085	1.3045
EUR/KES	126.90	128.85	EUR/USD	1.1825	1.1735
INR/KES		1.4655	AUD/USD	0.7180	0.7130
			USD/INR	74.70	74.65
			Commodities		
			Gold	1939	1891
			Brent Crude	45.27	44.69

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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