

DAILY FOREX NEWSLETTER

Monday, 17th August 2020

Local Markets:

The Kenyan shilling was little changed against the dollar on Friday, but was expected to strengthen, helped by the central bank mopping up excess liquidity from the money market.

Top News:

- Oil prices climbed higher on Monday, lifted by China's plans to ship in large volumes of U.S. crude in August and September, outweighing concerns over a slowdown in demand recovery after the coronavirus pandemic and an uptick in supplies.
- Gold prices extended losses on Monday, after their worst week in five months, on lingering risk appetite, while the Sino-U.S. trade relationship hinted at potential improvement.

International Markets

USD: The U.S. dollar began Monday where it left off last week, caught between pressure from worries about the lagging U.S. economic recovery and support from rising U.S. bond yields and safe-harbor demand. A boost to sentiment from the postponement of the U.S-China trade deal review - which leaves the deal intact - was muted by uncertainty, ahead of a week that includes Federal Reserve minutes and the Democrats' nomination convention.

GBP: GBP/USD rises for the third day despite recent pullback from 1.3110. Brexit talks to resume Tuesday; UK's negotiator David Frost eyes deal in September. British Trade diplomat Liz Truss attacks the EU and the US before the talks, targets deal with Japan during this month. US-China tussle pushed back the trade deal review, call to resume Congress gains market attention amid a light calendar.

EUR: EUR/USD rises 0.17% despite overbought readings on technical indicators. Record bullish bets also make EUR vulnerable to a pullback. The downside looks muted at best with investors focused on fiscal deadlock in Washington. EUR/USD rally looks overdone as per technical indicators, however, a notable pullback could remain elusive, as a fiscal impasse in Washington is likely to keep the dollar bulls at bay.

INR: The rupee gained 8 paise to 74.82 against the US dollar in opening trade on Monday tracking positive domestic equities and weak American currency. At the interbank forex market, the domestic unit opened at 74.86 against the US dollar, gained further ground and touched 74.82 against the US dollar, registering a gain of 8 paise over its previous close.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.55	108.75			
GBP/KES	140.70	142.90	GBP/USD	1.3115	1.3080
EUR/KES	127.40	129.35	EUR/USD	1.1870	1.1830
INR/KES		1.4650	AUD/USD	0.7185	0.7170
			USD/INR	74.75	74.65
			Commodities		
			Gold	1952	1959
			Brent Crude	45.16	45.11

T-Bills Rates:

Duration	Current	Previous
91 Days	6.200%	6.123%
182 Days	6.561%	6.549%
364 Days	7.517%	7.455%

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