

DAILY FOREX NEWSLETTER

Tuesday, 18th August 2020

Local Markets:

The Kenyan shilling was stable on Monday and was expected to gain ground helped by dollar inflows from remittances and horticulture exports.

Top News:

- Oil prices slipped on Tuesday, though they mostly held onto overnight gains after OPEC+ said the producer grouping is almost fully complying with output cuts to support prices amid a drop in demand for fuels due to the coronavirus pandemic.
- Gold prices extended gains to inch closer to the \$2,000 mark on Tuesday as the dollar weakened, with traders also focusing on minutes from the U.S. Federal Reserve's last policy meeting set to release this week.

International Markets

USD: The dollar teetered near milestone lows on Tuesday, after a triple blow of retreating yields, soft U.S. economic data and a dip in safe-haven demand exerted broad selling pressure. Against the euro, Aussie, pound, Swiss franc and yuan it is poised to re-test multi month or multi year troughs made earlier in the month, though moves in morning trade were small as Wednesday's release of the Federal Reserve minutes looms on the horizon.

GBP: GBP/USD eases from the intraday top of 1.3137 but prints four-day winning streak. The seventh round of Brexit talks becomes the last scheduled one even if negotiations to continue in September. British representatives may keep the head high while targeting the deal next month, EU has tough standards as well. US-China tussle, virus woes play background music amid a light calendar. GBP/USD seesaws in a choppy range between 1.3120 and 1.3137, currently around 1.3128, while heading into the London open on Tuesday. Even so, the Cable rises for the fourth day in a row ahead of the key seventh round of EU-UK talks over post-Brexit ties.

EUR: EUR/USD rose to 1.1897 in Asia and currently trades near 1.1885. The US-specific factors keep the greenback under pressure. EUR/USD continues to grind higher amid broad-based losses in the US dollar. The pair is trading near 1.1885 at press time, having hit a high of 1.1897 during the Asian trading hours.

INR: The rupee pared most of its intra-day gains to settle marginally higher by 2 paise at 74.88 (provisional) against the US dollar on Monday. At the interbank forex market, the domestic unit opened at 74.86 against the greenback and hit an intra-day high of 74.78 and low of 74.90. It finally closed at 74.88, up 2 paise against the US dollar.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.55	108.75			
GBP/KES	141.10	143.20	GBP/USD	1.3150	1.3115
EUR/KES	127.70	129.70	EUR/USD	1.1900	1.1870
INR/KES		1.4645	AUD/USD	0.7235	0.7185
			USD/INR	74.75	74.75
			Commodities		
			Gold	2006	1952
			Brent Crude	45.25	45.16

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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