

DAILY FOREX NEWSLETTER

Wednesday, 19th August 2020

Local Markets:

The Kenyan shilling weakened on Tuesday due to increased dollar demand from oil and other merchandise importers.

Top News:

- Oil prices eased on Wednesday as concerns grew that U.S. fuel demand may not recover quickly amid stalled talks on a post-coronavirus economic stimulus package, overshadowing a bigger-than-expected drawdown in U.S. crude stocks.
- Gold fell below \$2,000 an ounce on Wednesday after rising sharply in the previous session as the dollar steadied, while investors awaited minutes from the U.S. Federal Reserve's last policy meeting.

International Markets

USD: The dollar was flat on Wednesday morning in Asia, with the safe-haven asset slowly recovering heavy losses from the previous session over the uncertainty surrounding the latest stimulus measures and, in turn, U.S. economic recovery from COVID-19. The ongoing impact from the U.S. Federal Reserve's stimulus programs saw U.S. stock indexes soar to record highs and continues to put pressure on the dollar. The Fed's intervention in the financial markets to increase liquidity also reduced demand for safe-haven assets whilst increasing the appeal of risk assets, despite a bleak picture being painted for the U.S. economic recovery.

GBP: GBP/USD refreshes the multi-month high following its sustained rise from 1.3206. Overbought RSI, the key upside barrier challenges the pair's further rise. Sellers may look for entries below the early-month top under 1.3200. UK CPI may slip to -0.1% MoM versus +0.1% prior during July. GBP/USD picks up the bids near 1.3255, up 0.12% on a day, during the early Wednesday. In doing so, the Cable seesaws near the highest since January's peak surrounding 1.3270.

EUR: EUR/USD is sidelined near 1.1935 ahead of the London open. The dollar sell-off has paused despite strong risk sentiment. Mention of yield curve control in Fed minutes would be dollar bearish. EUR/USD faced rejection above 1.1950 during Tuesday's Asian trading hours, as the dollar sell-off suddenly stalled despite the risk-on rally in the Asian stocks.

INR: The rupee settled 12 paise higher at 74.76 (provisional) against the US dollar on Tuesday as heavy buying in domestic equities and weak American currency strengthened investor sentiments. At the interbank forex market, the domestic unit traded in a narrow range. It opened at 74.78 and ended the day at 74.76, registering a gain of 12 paise over its previous close of 74.88 against the greenback.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	140.60	108.80			
GBP/KES	142.30	144.55	GBP/USD	1.3260	1.3150
EUR/KES	128.25	130.25	EUR/USD	1.1945	1.1900
INR/KES		1.4670	AUD/USD	0.7260	0.7235
			USD/INR	74.65	74.75
			Commodities		
			Gold	2002	2006
			Brent Crude	45.09	45.25

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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