

# DAILY FOREX NEWSLETTER

Thursday, 20th August 2020

## Local Markets:

The Kenyan shilling weakened to a new all-time low against the dollar on Wednesday due to increased importer demand from the energy sector.

## Top News:

- Gold on Thursday bounced back from the previous session's hefty losses after the U.S. Federal Reserve raised concerns that a recovery from the coronavirus-induced economic slump faced a highly uncertain path, weighing on risk sentiment.
- Oil prices fell on Thursday as major producers warned of a risk to demand recovery if the coronavirus crisis is prolonged, while U.S. crude inventories dropped less than expected.

## International Markets

**USD:** The dollar clung to overnight gains on Thursday, after minutes from last month's U.S. Federal Reserve meeting gave few clues about whether an even more dovish shift in its policy framework is possible in the autumn, disappointing some dollar bears. A heavily shorted greenback put on its biggest one-day surge since March after the release, hitting 93.159 against a basket of currencies, about 1% above Tuesday's two-year trough. The move wiped out earlier gains made by other majors.

**GBP:** GBP/USD struggles to keep recovery moves from 1.3087. Another rough patch on Brexit talks, Reuters' poll suggesting two more years to reach pre-pandemic UK economy size weigh on the cable. US dollar trims the previous day's gains, market sentiment dwindles amid mixed catalysts. Second-tier data from the US, Brexit talks remain will be the spotlight. GBP/USD gradually overcomes the intraday low of 1.3087 while rising to 1.3108 before the London open on Thursday.

**EUR:** EUR/USD bears take a breather after Wednesday's sell-off. Dollar holds onto post-FOMC minutes gains. US Jobless Claims and ECB minutes in focus. EUR/USD pair looks to extend its downside consolidation phase around 1.1850 into Europe, as the bears take a breather after the over 100-pips Wednesday's sell-off. The weakness in the US Treasury yields is seen capping the upside in the US dollar so far this Thursday.

**INR:** The rupee on Thursday opened 17 paise down at 74.99 against the US dollar following weakness in the domestic equity market. Most market participants also remained cautious after the release of important FOMC policy meeting minutes. In the minutes the Fed raised concerns that the US economic recovery from the devastating effects of the pandemic faced a highly uncertain path.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.70	109.30			
GBP/KES	140.65	143.35	GBP/USD	1.3085	1.3260
EUR/KES	127.30	129.75	EUR/USD	1.1845	1.1945
INR/KES		1.4650	AUD/USD	0.7180	0.7260
			USD/INR	74.95	74.65
			Commodities		
			Gold	1948	2002
			Brent Crude	44.99	45.09

## 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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