

DAILY FOREX NEWSLETTER

Thursday, 27th August 2020

Local Markets:

The Kenyan shilling weakened on Wednesday, pressured by strong dollar demand from importers amidst lacklustre inflows.

Top News:

- Oil was down on Thursday morning in Asia, with the market nervously monitoring Hurricane Laura's progress as landfall is expected later in the day.
- Gold was down on Thursday morning in Asia, with investors retreating from the safe-haven yellow metal.

International Markets

USD: The dollar was down on Thursday morning in Asia, near its lowest levels all week, as investors await further guidance for the U.S. economic recovery from COVID-19 from the U.S. Federal Reserve. Fed Chairman Jerome Powell will take to the stage at the Jackson Hole symposium later in the day, with investors looking out for a new policy framework tackling persistently low inflation, which the Fed could implement as soon as September.

GBP: GBP/USD refreshes intraday low while stepping back from 1.3223. 1.3185 can offer immediate support ahead of the key Fibonacci retracements. A six-day-old falling trend line restricts immediate upside. GBP/USD declines to 1.3207, intraday low of 1.3206, during the early Thursday's trading. In doing so, the Cable snaps two-day winning streak while reversing from the one-week top. Considering the RSI conditions and the pair's multiple failures to stay past-1.3200, the August 06 high of 1.3185 as immediate support ahead of Tuesday's peak near 1.3170.

EUR: EUR/USD currently trades near 1.1831 versus 1.1850 in Asia. The pair is rangebound for the fourth consecutive day. Markets expect Fed's Powell to unveil an aggressive inflation-boosting strategy. EUR/USD is lacking a clear directional bias for the fourth straight day with traders sitting on the fence ahead of the Federal Reserve chairman Jerome Powell's speech at the annual Jackson Hole Symposium. The pair is trading well within last Friday's range of 1.1754-1.1883 for the fourth straight trading day.

INR: It's been a pretty rough month for the USDINR spot, with bulls being unsettled in the backdrop. The speculative dollar inflows led USDINR spot fall to 74.17, lowest level since Mar 18. Ever since the month of March, every development over COVID-19 vaccine and infusion of liquidity by either the central bank or the government has helped the risk-on tone, activating the dollar bears.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.35	108.95			
GBP/KES	141.55	144.20	GBP/USD	1.3210	1.3135
EUR/KES	126.75	129.20	EUR/USD	1.1835	1.1825
INR/KES		1.4730	AUD/USD	0.7240	0.7195
			USD/INR	74.25	74.30
			Commodities		
			Gold	1949	1923
			Brent Crude	46.28	46.37

T-Bills Rates:

Duration	Current	Previous
91 Days	6.257%	6.200%
182 Days	6.600%	6.561%
364 Days	7.508%	7.517%

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