

# DAILY FOREX NEWSLETTER

Friday, 28<sup>th</sup> August 2020

## Local Markets:

The Kenyan shilling was steady on Thursday, but demand from importers for dollars was keeping it on the defensive.

## Top News:

- Gold steadied on Friday as worries over an economic slump caused by the Covid-19 pandemic countered pressure from a jump in U.S. Treasury yields on Federal Reserve Chair Jerome Powell's offer for more inflation tolerance.
- Oil prices fell in early trade on Friday as a massive hurricane raced inland past the heart of the U.S. oil industry in Louisiana and Texas, with a storm surge weaker than predicted.

## International Markets

**USD:** The dollar held gains against major currencies on Friday, after the Federal Reserve's aggressive new strategy to lift employment and increased tolerance for higher inflation pushed U.S. bond yields up. Speaking at the Fed's Jackson Hole symposium, which was held virtually this year, Chairman Jerome Powell said the central bank will seek to achieve 2% inflation on average, so that periods of super-low inflation would likely be followed by an effort to lift inflation "moderately above 2% for some time," and to ensure economic recovery and job creation.

**GBP:** GBP/USD defies the previous day's pullback from yearly high of 1.3284, stays bid near intraday top. Brexit woes, surge in virus cases at home mostly ignored as US dollar trims Thursday's gains.

BOE's Bailey to be the second key central banker at Jackson Hole after Fed's Powell played well. GBP/USD refreshes the intraday high to 1.3242, up 0.29%, while heading into the London open on Friday.

**EUR:** EUR/USD rises 0.30%, tracking bigger gains in EUR/JPY. The anti-risk yen is being offered alongside gains in US yields. The focus will be on the US core PCE data, due at 12:30 GMT. EUR/USD is trading in the green in the 1.1860 neighborhood at press time despite the uptick in the US treasury yields. The breakout may happen later today if the US core personal consumption expenditure for July – the Fed's preferred measure of inflation – prints below the forecasted rise of 1.2% year-on-year.

**INR:** The rupee on Friday opened 2 paise down at 73.84 against the US dollar following some buying in American currency by banks and importers. Earlier, the domestic unit rose sharply by 48 paise on Thursday following consistent inflows in the domestic equities. The currency also got trigger from the RBI governor who said the central bank has not exhausted its ammunition to deal with the current situation due to the coronavirus pandemic.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.30	108.90			
GBP/KES	142.00	144.75	GBP/USD	1.3270	1.3210
EUR/KES	127.20	129.65	EUR/USD	1.1880	1.1835
INR/KES		1.4920	AUD/USD	0.7300	0.7240
			USD/INR	73.25	74.25
			Commodities		
			Gold	1949	1949
			Brent Crude	45.62	46.28

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.273%	6.257%
182 Days	6.625%	6.600%
364 Days	7.507%	7.508%

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