

DAILY FX NEWSLETTER

03rd August 2020

Local Markets:

The Kenyan shilling was unchanged on Thursday due to subdued end month dollar demand from merchandise importers and the energy sector.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.00	108.20			
GBP/KES	139.95	142.10	GBP/USD	1.3105	1.2975
EUR/KES	125.80	127.75	EUR/USD	1.1785	1.1775
INR/KES		1.4560	AUD/USD	0.7155	0.7165
			USD/INR	74.80	74.75
			Commodities		
			Gold	1983	1950
			Brent Crude	43.38	44.05

T-Bills Rates:

Duration	Current	Previous
91 Days	6.121%	6.112%
182 Days	6.455%	6.440%
364 Days	7.391%	7.370%

Top News:

- Oil prices fell on Monday on oversupply concerns as OPEC and its allies wind back production cuts in August and a rise in worldwide COVID-19 cases points to a slower pick-up in fuel demand.
- Gold prices surged to an all-time high on Monday as fears over an economic fallout from rising COVID-19 cases boosted demand for the safe-haven metal, although gains were capped by an uptick in the U.S. dollar.

International Markets

USD: The U.S. dollar gave up brief early gains on Monday as mounting concerns about a slowing U.S. economic recovery from the coronavirus pandemic hobbled the currency after a brief rebound late last week. U.S. bond yields have fallen to their lowest level since the pandemic-induced market turmoil in March, with the 10-year rate slipping to near 0.50%, undermining the yield attraction of the dollar. U.S. bonds looked even less attractive when adjusted for inflation expectations, with the yield on inflation-protected U.S. 10-year Treasuries falling to a record low below minus 1%.

GBP: GBP/USD bounces off 1.3056 after posting the biggest gains in a decade in July. Coronavirus woes, fears of no-deal Brexit and broad US dollar pullback snapped the Cable back from five-month high. Bulls stay hopeful over the Tory government's ability to offer more stimulus, positive trade talks with the US and Japan. The early-month activity numbers can offer immediate direction but major attention will be on Thursday's BOE. GBP/USD consolidates recent losses around 1.3090 while heading into the London open on Monday.

EUR: EUR/USD is sidelined near 1.1775 ahead of the London open. A pullback looks likely with sentiment around the US dollar at bearish extremes. EU's digital nationalism may add to bearish pressures around the euro. EUR/USD may face some selling pressure this week as bearish sentiment on the US dollar has reached extremes at a time when the currency pair's technical indicators are signaling overbought conditions.

INR: The Indian rupee settled 3 paise higher at 74.81 (provisional) against the American dollar NSE 0.76 % on Friday tracking weakness in the greenback. At the interbank forex market, the rupee opened at 74.74, and witnessed an intra-day high of 74.68 during the session and a low of 74.90 against the US dollar. The domestic unit finally settled for the day at 74.81, 3 paise higher over its previous close of 74.84.

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