

DAILY FOREX NEWSLETTER

Friday, 11th September 2020

Local Markets:

The Kenyan Shilling edged down on Thursday mainly due to demand for dollars by importers, against a lack of adequate sellers in the market.

Top News:

- Oil prices extended declines on Friday, under pressure from a surprise rise in U.S. stockpiles and ongoing weak demand from the coronavirus pandemic.
- Gold prices fell on Friday after a sharp rise in the previous session as the dollar regained lost ground, although doubts over a swift global economic recovery kept bullion on track for a weekly gain.

International Markets

USD: The dollar clung to gains on Friday after a rout in stocks sent nervous investors to its safety, while sterling was poised for its worst week since March as British plans to break a divorce treaty with Europe rekindled the specter of a no-deal Brexit. In a volatile session overnight the pound languished while other majors whipsawed in tandem with moves in the euro and the U.S stock market. The common currency at first zoomed 1% to \$1.1917 after European Central Bank President Christine Lagarde insisted the bank does not target the exchange rate.

GBP: One-month GBP/USD risk reversals fell on Friday to the lowest level since May, as investors rushed to protect themselves from Brexit-led decline in the British currency. Risk reversals traded at -2.37 in favor puts, the level last seen on May 11. GBP/USD risk reversals gauge investor expectations for a currency's direction and are used to hedge against expected moves. A negative number indicates demand for puts or bearish bets is outstripping calls or bullish bets, while a positive figure suggests greater demand for calls. GBP/USD has declined by near 700 pips this month alone on renewed Brexit tensions.

EUR: EUR/USD prints gains on ECB's optimistic view of the Eurozone economy. ECB is watching the euro but is not concerned about its recent strength. The pair's ascent could be short-lived if stock markets remain risk averse. EUR/USD stands to gain on European Central Bank's modestly optimistic view on Eurozone's economy. However, continued risk aversion could play spoilsport again. The pair is currently trading at 1.1834, representing a 0.17% gain on the day, having hit a low of 1.1810 during early Asian trading hours. On Thursday, the central bank's President Christine Lagarde said that Eurozone's domestic demand had recorded a significant recovery from low levels and downplayed concerns about the euro's recent appreciation against the US dollar.

INR: The rupee declined nearly 6 paise in Friday's early trade ahead of industrial production number which is scheduled to come later in the day. A weaker-than-expected number could keep the rupee gains in check. For the day, brokerage Motilal Oswal Financial Services expects USDINR (Spot) to quote in the range of 73.20 and 73.80.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.70	109.10			
GBP/KES	137.95	140.30	GBP/USD	1.2835	1.3015
EUR/KES	127.30	129.50	EUR/USD	1.1845	1.1835
INR/KES		1.500	AUD/USD	0.7290	0.7285
			USD/INR	73.40	73.35
			Commodities		
			Gold	1949	1956
			Brent Crude	39.94	40.76

T-Bills Rates:

Duration	Current	Previous
91 Days	6.267%	6.295%
182 Days	6.689%	6.627%
364 Days	7.564%	7.554%

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