

DAILY FOREX NEWSLETTER

Tuesday, 15th September 2020

Local Markets:

The Kenyan Shilling edged down against the dollar on Monday, as serious dollar sellers remained on the sidelines, in spite of demand for the hard currency from importers.

Top News:

- Oil prices inched lower on Tuesday as a bleaker outlook for global fuel demand prompted fresh selling, but short-covering ahead of a meeting later this week of OPEC and its allies, known as OPEC+, limited losses.
- Gold prices held steady on Tuesday, following a sharp rise in the previous session, as the dollar remained subdued ahead of the U.S. Federal Reserve's monetary policy meeting that could provide more clues on stimulus measures and inflation targeting.

International Markets

USD: The dollar dipped against riskier currencies on Tuesday as hopes for a Covid-19 vaccine and big corporate deals improved investor appetite for assets such as the yuan and the euro. The dollar index dipped to 93.029, slipping further from a one-month high of 93.664 touched last Wednesday, with its low last week of 92.695 seen as an immediate support. Wall Street shares bounced back also as several multi-billion dollar deals – including Nvidia's purchase of chip designer Arm and a deal between Oracle and China's ByteDance on TikTok – lifted confidence.

GBP: GBP/USD drops 100-pips after rising to 1.2919 at the week's start. Bearish MACD favors the sellers, 50% of Fibonacci retracement can offer immediate support. Bulls await a clear break of August month's low to confirm entries. GBP/USD prints 0.20% intraday loss while declining to 1.2820 during Tuesday's Asian trading. In doing so, the Cable defies the previous day's recovery moves amid downbeat MACD signals. The bearish momentum also takes clues from the pair's inability to cross the previous month's low during the latest run-up.

EUR: EUR/USD has risen 0.13% at the beginning of the week in a pretty slow session. There is a decent consolidation low and the price has to brake 1.19 to progress further. EUR/USD is still in a firm consolidation range and it may stay that way until the FOMC meeting. The issue at the moment is the fact that some ECB members showed some displeasure at the face the pair hit 1.20 but when all said and done the ECB didn't do too much about it.

INR: The rupee on Tuesday opened 12 paise higher at 73.37 against the US dollar tracking gains in the domestic equity markets, easing crude oil prices and weakness in the dollar index. On Monday, the local currency pared most of its gains in the latter half of the session following weakness in the domestic equities. Market participants remained cautious ahead of the important inflation number that was released last evening.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.80	109.30			
GBP/KES	138.40	140.85	GBP/USD	1.2865	1.2830
EUR/KES	128.00	130.35	EUR/USD	1.1900	1.1855
INR/KES		1.5005	AUD/USD	0.7335	0.7290
			USD/INR	73.35	73.25
			Commodities		
			Gold	1976	1956
			Brent Crude	39.50	39.90

T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.