

DAILY FOREX NEWSLETTER

Wednesday, 16th September 2020

Local Markets:

The Kenyan Shilling weakened against dollar on Tuesday due to significant corporate demand for dollars.

Top News:

- Oil prices rose on Wednesday, extending gains from the previous session, as a hurricane disrupted U.S. offshore oil and gas production and an industry report showed a big drop in U.S. crude stockpiles.
- Gold was up on Wednesday morning in Asia ahead of the U.S. Federal Reserve's policy decision, due to be handed down later in the day. The focus will be on whether the Fed continues to maintain accommodative approach to inflation and keep interest rates lower for longer, both policies announced at August's Jackson Hole symposium by Fed Chairman Jerome Powell.

International Markets

USD: The dollar was down on Wednesday in Asia, with investors fine-tuning their positions ahead of a U.S. Federal Reserve policy meeting. The Fed will meet later in the day to hand down its policy decision, its first meeting since Fed Chairman Jerome Powell announced a more relaxed approach to inflation at the Jackson Hole symposium on August 27. This stance is widely expected to be continued and may weaken the greenback with the introduction of further stimulus measures.

GBP: GBP/USD is embarking on a correction towards a 38.2% Fibonacci of the September bearish impulse. This gives rise to a downside extension in a 1,2,3 setup. The market is a potential fade on rallies and from a top-down analysis, a potential sell limit setup is illustrated in the following flow of charts. GBP/USD stays mildly bid while piercing 1.2900. The Cable prints a three-day winning streak while extending pullback from a seven-week low flashed on Friday. Traders await the key inflation data, with the headline annualized CPI expected to recede from 1.0% prior to 0.0%.

EUR: EUR/USD has risen back to levels near 1.1850. The yuan sell-off likely put a bid under EUR/USD. Federal Reserve is expected to reiterate the dovish stance. Dollar buying could emerge if the central bank raises growth forecasts. EUR/USD has recovered early Asian session lows, possibly tracking a continued rally in China's yuan. However, big gains may remain elusive in Europe on caution ahead of Federal Reserve's (Fed) rate decision.

INR: The rupee witnessed high volatility against the US dollar in opening trade on Wednesday ahead of the US Federal Reserve's policy decision. The local unit opened at 73.70 at the interbank forex market, registering a decline of 7 paise over its last close, but soon pared the losses and was trading at 73.64, unchanged from its previous closing.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.90	109.60			
GBP/KES	138.90	141.60	GBP/USD	1.2900	1.2865
EUR/KES	127.50	130.00	EUR/USD	1.1855	1.1900
INR/KES		1.4990	AUD/USD	0.7320	0.7335
			USD/INR	73.70	73.35
			Commodities		
			Gold	1967	1976
			Brent Crude	41.09	39.50

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

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