

DAILY FOREX NEWSLETTER

Thursday, 17th September 2020

Local Markets:

The Kenyan Shilling gained against dollar helped by companies converting their dollars to pay taxes at the end of the week.

Top News:

- Oil prices were mixed in early trade on Thursday, just clinging to overnight gains, as concerns about weak fuel demand were in the frame again after Hurricane Sally blasted through the Gulf of Mexico into the southeastern United States.
- Gold prices eased on Thursday as the U.S. dollar firmed, although doubts over a swift global economic recovery and the Federal Reserve's pledge to hold interest rates near zero until at least 2023 limited losses for the safe-haven metal.

International Markets

USD: The dollar edged up against major currencies on Thursday following the U.S. Federal Reserve's upbeat assessment of the economic recovery and as its increased tolerance for higher inflation push bond yields higher. At its policy meeting, the Fed pledged to keep rates near zero until the labor market reaches "maximum employment" and inflation is on track to "moderately exceed" the 2% inflation target. The Fed also expects economic growth to improve from the coronavirus-induced drop they projected in June.

GBP: GBP/USD snaps three-day winning streak despite latest bounce off 1.2901. US dollar marked across the board rise as Fed signals immediate pause to further rate cuts. UK government agrees to give parliament a vote on any breach of WIB, compromise on fisheries can move the talks. BOE to keep current monetary policy unchanged, rate statement will be the key due to recent recovery in British data. GBP/USD stays heavy near 1.2915, drops 0.40% intraday, while heading into the London open on Thursday.

EUR: EUR/USD trades at the lowest level since mid-August. The pair tests 50-day SMA support for the first time in five months. The dollar draws bids as the Fed expects faster economic recovery. EUR/USD is feeling the pull of gravity on Thursday, as the dollar gains altitude on Federal Reserve's positive comments on the economy. The pair currently trades at the 50-day simple moving average support at 1.1742. The average has come into the play since May 25.

INR: The rupee on Thursday opened 22 paise down at 73.75 against the greenback as the dollar index advanced after the US Federal Reserve signalled an optimistic economic recovery picture but stopped short of offering concrete signals on further stimulus. The local currency on Wednesday fell in the first half of the session but strengthened in the latter half following sharp gains in domestic equities.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.70	109.30			
GBP/KES	139.05	141.75	GBP/USD	1.2940	1.2900
EUR/KES	126.45	128.95	EUR/USD	1.1770	1.1855
INR/KES		1.4950	AUD/USD	0.7280	0.7320
			USD/INR	73.60	73.70
			Commodities		
			Gold	1950	1967
			Brent Crude	41.75	41.09

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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