

DAILY FOREX NEWSLETTER

Monday, 21st September 2020

Local Markets:

The Kenyan Shilling was under pressure on Friday, due to demand from importers amid scarce dollar inflows, but traders expected a central bank intervention to buoy the shilling.

Top News:

- Oil prices edged higher on Monday as a tropical storm took aim for the U.S. Gulf of Mexico region halting some production, though price gains were capped by the potential return of oil output in Libya and a continued rise in coronavirus cases.
- Gold prices edged higher on Monday, helped by a softer dollar while investors looked forward to speeches by Federal Reserve policymakers due this week for further clues on the U.S. central bank's approach to inflation.

International Markets

USD: The dollar slipped and yen and yuan led Asia's currencies a little higher on Monday, as investors looked ahead to a slew of U.S. Federal Reserve speakers this week and to a decision on the inclusion of Chinese government bonds in a global index. Moves were slight and volumes light due to a public holiday in Japan. The dollar index, which tracks the greenback against a basket of six major currencies, dipped 0.2% to 92.779.

GBP: GBP/USD stays bid near the mid-1.2900s following three successive failures to cross 1.3000 during last week. UK's health authorities tease lockdown restrictions following the recent jump in cases, deaths due to the pandemic. British Chancellor Sunak may extend business support loans, the BDO survey suggests no V-shaped recovery. Fedspeak eyed amid a light calendar, risk catalysts are the key. GBP/USD takes the bids near 1.2955, up 0.33% intraday, while heading into the London open on Monday. In doing so, the Cable pays a little heed to the coronavirus (COVID-19) threats emanating from the UK, as well as Brexit pessimism, while cheering the broad US dollar weakness.

EUR: EUR/USD's uptrend at risk as coronavirus cases rise across the Eurozone. New lockdown restrictions may force the ECB to adopt a stronger dovish stance. Traders eye preliminary Eurozone PMI numbers along with virus figures. A resurgence of coronavirus cases poses a risk to EUR/USD's uptrend, which is already showing signs of exhaustion. The rise in virus cases in Europe should be a cause for concern for all EUR/USD traders. The ECB is not worried about the level of the currency. But, if new restrictions lead to a further slowdown, the central bank may have to alter its stance

INR: The rupee strengthened by 11 paise to 73.34 against the US dollar in Monday's early trade following weakness in the greenback in global markets. The domestic unit opened the day at 73.44 against the US dollar as compared with the previous close of 73.45. Market participants are looking forward to speeches by Federal Reserve policymakers due this week for further clues on the US central bank's approach to inflation.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 108.0 | 109.50 | | | |
| GBP/KES | 139.65 | 142.10 | GBP/USD | 1.2955 | 1.2970 |
| EUR/KES | 127.90 | 130.25 | EUR/USD | 1.1870 | 1.1860 |
| INR/KES | | 1.5025 | AUD/USD | 0.7320 | 0.7325 |
| | | | USD/INR | 73.25 | 73.30 |
| | | | Commodities | | |
| | | | Gold | 1959 | 1960 |
| | | | Brent Crude | 42.98 | 43.52 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 6.273% | 6.267% |
| 182 Days | 6.720% | 6.689% |
| 364 Days | 7.571% | 7.564% |

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