

# DAILY FOREX NEWSLETTER

Tuesday, 2<sup>nd</sup> September 2020

## Local Markets:

The Kenya shilling held steady against the dollar on Tuesday.

## Top News:

- Gold prices edged higher on Wednesday as the dollar weakened, although upbeat U.S. manufacturing data lifted hopes about global economic recovery and curbed demand for the safe-haven metal.
- Crude oil futures rose on Wednesday after a more-than-expected draw in U.S. crude stockpiles and as solid U.S. factory data raised optimism of a post-pandemic economic recovery, boosting risk appetite among investors.

## International Markets

**USD:** The dollar bounced off two-year lows on Wednesday as U.S. data pointed to a firm manufacturing activity, while the euro retreated from its highest levels since 2018 on profit-taking. Economic data published on Tuesday showed U.S. manufacturing activity accelerated to a nearly two-year high in August amid a surge in new orders, with the reading from the Institute for Supply Management highest level since November 2018. The U.S. data followed similarly upbeat Chinese and European manufacturing indicators.

**GBP:** GBP/USD probes day's low while snapping a three-day winning streak, justifies Tuesday's pullback from December 2019 top. Emergency Brexit talks couldn't change the EU-UK policymaker's stubbornness, AstraZeneca heads for the final trials. Market sentiment stays positive despite Sino-American tension, US stimulus deadlock. BOE Governor Andrew Bailey to be a witness in front of the Treasury Committee, US ADP will also be the key. GBP/USD remains heavy around 1.3380 while heading into the London open on Wednesday.

**EUR:** EUR/USD trades near 1.19, having carved out a bearish inverted hammer on Tuesday. Markets may begin pricing additional ECB stimulus, courtesy of the sub-zero Eurozone inflation. ECB may jawbone the Euro to stall the currency's ascent. The negative Eurozone inflation released Tuesday poses downside risks to EUR/USD. The currency pair is trading in the red near 1.19 as of writing, having faced rejection above 1.20 on Tuesday.

**INR:** India's central bank appears to have stopped trying to rein in the rupee to help exports, letting the currency drift to a six-month high and raising expectations it will gain further, analysts and market participants said. Dollar-buying intervention by the Reserve Bank of India (RBI) in recent months has made the rupee one of the worst-performing Asian currencies in 2020, despite massive dollar inflows into stock markets and for corporate fundraising.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.50	108.70			
<b>GBP/KES</b>	143.60	145.80	<b>GBP/USD</b>	1.3390	1.3430
<b>EUR/KES</b>	127.75	129.70	<b>EUR/USD</b>	1.1910	1.1998
<b>INR/KES</b>		1.5070	<b>AUD/USD</b>	0.7365	0.7410
			<b>USD/INR</b>	72.80	72.80
			<b>Commodities</b>		
			<b>Gold</b>	1970	1988
			<b>Brent Crude</b>	45.95	45.75

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.273%	6.257%
182 Days	6.625%	6.600%
364 Days	7.507%	7.508%

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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