

DAILY FOREX NEWSLETTER

Friday, 31st August 2020

Local Markets:

The Kenyan shilling was steady on Friday in subdued trade, but was expected to be under pressure due to end-month importer dollar demand.

Top News:

- Gold (XAU/USD) tested the critical \$1976 resistance while hovering near the highest levels in two weeks on Monday. The dovish Fed narrative, which implied that a period of low-interest rates would extend, continues to benefit the non-yielding gold.
- Oil prices nudged up on Monday, with Brent futures set to post a fifth straight monthly gain, as global stimulus measures underpin prices even as demand struggles to return to pre-COVID levels in a well-supplied market.

International Markets

USD: USD/JPY picks up bids following its latest U-turn from 105.29. A monthly resistance line, previous support, joined bearish MACD to question the bulls. 61.8% Fibonacci retracement of July-August upside restricts immediate declines.

GBP: GBP/USD probes multi-week high of 1.3368 following the latest swing from 1.3332. UK Tories urge Treasury to not push for tax hikes in November budget. Fears of no deal Brexit renew after UK warned EU over state aid rules. British banks are closed today, Fed's Clarida, Dallas Fed data will be watched for intermediate clues. GBP/USD bulls struggle for a clear direction around 1.3350, after rising to the highest since December 2019, while heading into the London open on Monday. Although broad US dollar weakness can be attributed to the pair's sustained run-up to 1.3368, Summer Bank Holiday in the UK joins downbeat catalysts concerning Brexit and fears of a tax hike to challenge the pair's further upside.

EUR: EUR/USD faces rejection at 1.1930 despite risk-on in Asian equities. Record bullish positioning makes the EUR vulnerable to sudden pullbacks. An above-forecast Germany preliminary CPI number is needed to restore the recent uptrend. EUR/USD is now trading near 1.1910, having clocked a high of 1.1930 during the Asian trading hours.

INR: USD/INR fell by 2.41% last week, the biggest weekly drop since December 2017. The weekly chart suggests scope for a sell-off to rising trendline support. USD/INR looks south, having carved out a bearish marubozu candle last week with a 2.41% drop. That is the biggest weekly decline since December 2018.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.30	108.90			
GBP/KES	142.00	144.75	GBP/USD	1.3360	1.3270
EUR/KES	127.20	129.65	EUR/USD	1.1925	1.1880
INR/KES		1.4920	AUD/USD	0.7364	0.7300
			USD/INR	73.30	73.25
			Commodities		
			Gold	1969	1949
			Brent Crude	46.01	46.62

T-Bills Rates:

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

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