

DAILY FOREX NEWSLETTER

Tuesday, 8th September 2020

Local Markets:

The Kenyan Shilling was stable against the dollar on Monday and traders said they were watching the potential hard currency inflows into an upcoming Treasury bonds auction.

Top News:

- Oil prices fell on Tuesday amid concerns that a possible rise in Covid-19 cases following the U.S. Labor Day long weekend, which also marks the end of the peak U.S. driving season, could squeeze demand for fuel.
- Gold prices eased on Tuesday as the dollar strengthened, although rising doubts over the economic recovery from the Covid-19 slump limited losses, with investors awaiting the outcome of the European Central Bank meeting this week.

International Markets

USD: The dollar held on to small overnight gains on Tuesday as investors weighed whether an accommodative turn from the European Central Bank later this week could hit the euro, while the pound nursed losses due to Brexit uncertainty. In thin holiday trade the greenback had edged 0.2% higher against a basket of currencies and rose by roughly the same margin against the euro to \$1.1816. Moves early in the Asian day were modest, but had the dollar back under gentle pressure as risk appetite appeared to return to equity markets.

GBP: GBP/USD seesaws around 1.3150 after refreshing two-week low with 1.3138. EU policymakers respond to UK PM's Brexit salvo ahead of eighth round of talks in London. A record \$1.6 billion left British funds during June-Aug on no-deal Brexit fears. US traders' return from holiday, risk catalysts will be the key as bearish bias surge the most in seven weeks. With the Brexit grapevine occupying news off-late, GBP/USD stays depressed near 1.3140, down 0.12% on a day while heading into Tuesday's London open.

EUR: EUR/USD is flatlined above 1.18 at press time, having declined by 0.20% on Monday. Euro bulls may sit on the fence ahead of Thursday's ECB rate decision. The central bank may express concerns regarding Euro's recent strength. EUR/USD may trade in a sideways to negative manner on Tuesday on dovish European Central Bank (ECB) expectations and renewed Brexit tensions. Last week, the central bank's Chief Economist Philip Lane said that the exchange rate matters for monetary policy.

INR: The rupee on Tuesday opened 29 paise down at 73.63 against the US dollar tracking overseas outflows and stronger greenback. On the domestic front, market participants will be keeping an eye on the industrial production number, and a weaker-than-expected economic data could keep the currency weighed down. Market participants also continue to monitor the situation on the Indo-China border and any escalation could disturb the broader sentiment of the market.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.50	108.90			
GBP/KES	141.10	143.45	GBP/USD	1.3145	1.3225
EUR/KES	126.80	128.90	EUR/USD	1.1810	1.1840
INR/KES		1.5000	AUD/USD	0.7285	0.7285
			USD/INR	73.40	73.20
			Commodities		
			Gold	1935	1935
			Brent Crude	41.95	42.07

T-Bills Rates:

Duration	Current	Previous
91 Days	6.295%	6.273%
182 Days	6.627%	6.625%
364 Days	7.554%	7.507%

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