

# DAILY FOREX NEWSLETTER

Tuesday 25<sup>th</sup> August 2020

## Local Markets:

The Kenyan shilling was stable on Monday but was forecast to weaken due to end-month dollar demand from general goods importers as well as those from the energy sector.

## Top News:

- Gold edged higher on Tuesday as the dollar dipped, with investors awaiting U.S. Federal Reserve Chairman Jerome Powell's speech later this week, while a rally in equity markets limited bullion's advance.
- Crude oil prices were mixed on Tuesday as traders weighed massive production cuts in the U.S. Gulf Coast from Tropical Storms Marco and Laura against rising coronavirus cases in Asia and Europe.

## International Markets

**USD:** The dollar held firm on Tuesday, shrugging off selling pressure from a move higher in equities, as investors seemed to temper their bearish bets against the greenback ahead of a Thursday speech from U.S. Federal Reserve Chair Jerome Powell. The dollar, which often falls when stocks rise as investors seek out riskier currencies, had inched higher overnight repelling the Australian dollar back under 72 U.S. cents and pushing the euro below \$1.18.

**GBP:** GBP/USD extends pullback from 1.3059/58 to probe intraday high. US dollar trims some gains as market optimism diverts funds to equities, ex-USD currencies. Hopes of virus treatment/vaccine join Sino-American trade deal news to favor the risk-on momentum. US data can entertain traders, but risk catalysts will be the key ahead of the Jackson Hole Symposium. GBP/USD bulls regain the reigns as the Cable rises to 1.3105 before Tuesday's London open. The quote dropped during the previous two days amid Brexit pessimism and the broad US dollar strength.

**EUR:** EUR/USD trades at 1.1812 at press time versus 1.1785 in early Asia. Trade optimism and risk-on is powering gains in EUR/USD. On the data front, the focus will be on the German IFO – Expectations index. The buying pressure around the single currency is picking up pace on Tuesday amid the US-China trade optimism and pushing EUR/USD higher in the 1.18 neighborhood. The improved risk appetite and the resulting weakness in the dollar has saved the day for EUR/USD bulls. That's because the pair was looking weak in early Asia, having charted a "Gravestone Doji" candle on Monday.

**INR:** Making a sharp U-turn, the rupee soared 52 paise to settle at 74.32 (provisional) against the US dollar on Monday, in line with upbeat domestic equities and sustained foreign fund inflows. Besides, weaker American dollar against key global currencies also supported the Indian unit.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.30	108.90			
<b>GBP/KES</b>	140.45	143.10	<b>GBP/USD</b>	1.3115	1.3105
<b>EUR/KES</b>	126.55	128.95	<b>EUR/USD</b>	1.1820	1.1810
<b>INR/KES</b>		1.4725	<b>AUD/USD</b>	0.7180	0.7175
			<b>USD/INR</b>	74.25	74.75
			<b>Commodities</b>		
			<b>Gold</b>	1939	1939
			<b>Brent Crude</b>	45.68	45.02

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.257%	6.200%
182 Days	6.600%	6.561%
364 Days	7.508%	7.517%

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