

DAILY FOREX NEWSLETTER

Wednesday, 26th August 2020

Local Markets:

The Kenyan shilling weakened on Tuesday, pressured by strong dollar demand from manufacturers and the energy sector.

Top News:

- Gold was little changed on Wednesday, as worries over global economic outlook offset pressure from signs of progress in U.S.-China trade negotiations, while investors await a speech from U.S. Federal Reserve Chairman Jerome Powell.
- Brent crude oil prices rose on Wednesday, lifted by U.S. producers shutting most of their offshore output in the Gulf of Mexico ahead of Hurricane Laura and optimism over China-U.S. trade talks.

International Markets

USD: The dollar held steady against most currencies on Wednesday as traders braced for U.S. data expected to show a slowdown in durable goods orders and a key speech by Federal Reserve Chairman Jerome Powell. The yuan rose toward a seven-month high after U.S. and Chinese trade officials reaffirmed their commitment to a phase one trade deal, which eased concerns about a diplomatic standoff between the world's two-largest economies.

GBP: GBP/USD defies the previous day's halt to two-day losing streak while reversing from 1.3158. The University of Cambridge plans for autumn trials of the coronavirus vaccine as it received 1.9 million pounds of government help. Ireland's Taoiseach Martin stays confident of Brexit "landing zone", EU's Barnier tells bloc members to be 'cold-blooded' with Britain. US Durable Goods Orders can offer intermediate moves before the Jackson Hole Symposium. GBP/USD seesaws around the intraday low of 1.3132, currently at 1.3138, following its pullback from 1.3158 before Wednesday's London open.

EUR: EUR/USD drifts slightly lower in Asia, now trades in the red near 1.1820. Caution ahead of Powell's speech Thurs dampens trading activity, as per Reuters. Fed's chief is likely to signal tolerance for high inflation. The buying interest around the single currency is weakening on Wednesday and dragging EUR/USD lower. The pair is currently trading at 1.1818, representing a 0.125 decline on the day, having clocked a high of 1.1844 on Tuesday.

INR: The rupee traded nearly 5 paise higher at 74.28 against the US dollar in Wednesday's early trade tracking gains in the domestic equity market. However, the local currency opened almost flat at 74.32 per dollar against the previous close of 74.33. On the domestic front, fund inflows by foreign institutional investors (FIIs) are driving the rupee higher but at the same time RBI intervention could restrict major appreciation for the currency

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.30	108.90			
GBP/KES	140.65	143.30	GBP/USD	1.3135	1.3115
EUR/KES	126.60	129.10	EUR/USD	1.1825	1.1820
INR/KES		1.4720	AUD/USD	0.7195	0.7180
			USD/INR	74.30	74.25
			Commodities		
			Gold	1923	1939
			Brent Crude	46.37	45.68

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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