

DAILY FX NEWSLETTER 27TH APRIL 2020

Local Markets:

The Kenyan shilling was under pressure on Friday due to uptick in dollar demand from the energy and telecommunications sector amid little foreign currency inflows to offer support.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 106.20 | 107.70 | | | |
| GBP/KES | 131.35 | 134.75 | GBP/USD | 1.2452 | 1.2337 |
| EUR/KES | 114.50 | 117.65 | EUR/USD | 1.0864 | 1.0765 |
| INR/KES | | 1.4280 | AUD/USD | 0.6468 | 0.6350 |
| | | | USD/INR | 76.02 | 76.30 |
| | | | Commodities | | |
| | | | Gold | 1742 | 1745 |
| | | | Brent Crude | 23.80 | 22.09 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.212% | 7.201% |
| 182 Days | 8.121% | 8.089% |
| 364 Days | 9.110% | 9.091% |
| | | |

Top News:

- Oil prices fell on Monday on signs that worldwide oil storage is filling rapidly, raising concerns that production cuts will not be fast enough to catch up with the collapse in demand from the coronavirus pandemic.
- Gold prices edged lower on Monday as equities firmed, while expectations for more economic stimulus measures limited losses.

International Markets

USD: The U.S. dollar was down on Monday morning in Asia, the greenback ending its weeks-long rally. Investors had flocked to the dollar in recent weeks amid continuing economic turbulence due to the COVID-19 pandemic, leading to safe-haven inflows and a dollar shortage. But some analysts said that the dollar will continue its fall in the long term as the U.S. Federal Reserve eased monetary policy more aggressively compared to other central banks.

GBP: GBP/USD remains mildly bid amid a broad US dollar weakness. UK PM "raring to go" back to No10, might take steps to shrug off allegations of non-performance. UN poverty expert said UK coronavirus response utterly hypocritical, the target of 100,000 tests a day fear to be missed. Virus/Brexit updates could compensate for a light economic calendar. GBP/USD remains on the bid for the fourth day in a row, currently up 0.20% on a day to 1.2400, while heading into the London open on Monday.

EUR: EUR/USD is flashing green, but upticks could be short-lived. The EU failed to agree to the stimulus package last week. Eurozone GDP data to highlight weak growth across the region and boost ECB stimulus expectations. Despite Friday's positive performance, the path of least resistance for the EUR/USD pair remains to the downside, as the European leaders failed to agree on a comprehensive coronavirus stimulus package, leaving the European Central Bank (ECB) in virus fight.

INR: USD/INR one-month risk reversals, a gauge of calls to puts, fell to 1.175 on Thursday to hit the lowest level since the end of February, having peaked at 3.625. The decline from 3.625 to 1.175 represents a weakening of demand or implied volatility premium for call options or bullish bets. That said, the gauge is still positive, meaning the overall demand for call options is still higher than that for puts (bearish bets).

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.