

DAILY FX NEWSLETTER

12th May 2020

Local Markets:

The Kenyan shilling was stable on Monday due to weak demand for dollars as the market continued to assess the potential impact of an IMF loan and recovering farm exports.

Top News:

- Gold rose on Tuesday as the metal's safe-haven appeal was boosted by growing worries about a second wave of coronavirus infections after some countries reported a jump in new cases, although a stronger dollar capped the gains.
- Oil futures rose on Tuesday, boosted by an unexpected commitment from Saudi Arabia to deepen production cuts in June to help drain the glut in the global market that has grown as the coronavirus pandemic crushed fuel demand.

International Markets

USD: The dollar rose to a two-week high against major peers on Tuesday, propelled by rising U.S. bond yields and increasing safe-haven demand amid growing fears about a second wave of coronavirus infections, which sent riskier currencies lower. The greenback was buoyed by a steepening U.S. yield curve, as Federal Reserve officials talked down the prospect of negative rates, and as the bond market braces for an immense borrowing spree from the U.S. Treasury.

GBP: GBP/USD bounces off intraday low amid fresh US dollar pullback. Trade war fears, risk of virus resurgence benefited the greenback earlier. BOE's Haldane warned of permanent scars on the British economy. Brexit, confusion over UK PM Johnson's "Stay Alert" directives exert extra pressure on the Cable. With the US Dollar stepping back from the multi-day top, GBP/USD recovers the early-day losses while taking the bids to 1.2320 ahead of the London open on Tuesday.

EUR: EUR/USD lacks clear directional bias amid renewed coronavirus fears. Germany sees a rise in the virus reproduction rate. China's PPI drops to multi-year lows, signaling continued weakness in the manufacturing sector. Risk-off is pushing the dollar higher and could cap the upside in EUR/USD. While EUR/USD has recovered from Asian session lows and is trading on a flat note at press time, the prospects of the single currency scoring big gains during the European session look bleak due to renewed concerns over the coronavirus outbreak.

INR: USD/INR recovers from the monthly low. Downbeat economic forecasts come in handy amid virus outbreak in India. US-China jitters renew, major economies in the UK, US and Europe stay ready to re-open. Indian Trade Deficit, virus/trade headlines in focus. USD/INR rises to 75.60, up 0.07% on a day, amid the early Indian session on Monday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.40	106.60			
GBP/KES	129.80	131.85	GBP/USD	1.2343	1.2427
EUR/KES	113.80	115.65	EUR/USD	1.0824	1.0855
INR/KES		1.4200	AUD/USD	0.6490	0.6555
			USD/INR	75.72	75.66
			Commodities		
			Gold	1705	1706
			Brent Crude	29.84	30.41

T-Bills Rates:

Duration	Current	Previous
91 Days	7.253%	7.242%
182 Days	8.151%	8.134%
364 Days	9.161%	9.115%

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