

DAILY FX NEWSLETTER

13th May 2020

Local Markets:

The Kenyan shilling was stable on Tuesday as market players eyed support from an emergency international Monetary Fund loan approved last week.

Top News:

- Oil prices fell on Wednesday on worries about a possible second wave of coronavirus cases in countries starting to ease lockdowns, while industry data showed a rise in U.S. crude inventories.
- Gold gained on Wednesday as concerns that a second wave of coronavirus infections may be emerging in many countries weighed on riskier assets.

International Markets

USD: The dollar was on the defensive against its rivals on Wednesday as traders looked to Federal Reserve Chairman Jerome Powell's speech amid rising speculation the United States could one day adopt negative interest rates. U.S. President Donald Trump on Tuesday again pushed the Federal Reserve to adopt negative interest rates, a hot topic in financial markets since last week when U.S. money market instruments started to price in a chance of negative rates.

GBP: GBP/USD prints three-day losing streak, extends pullback from 1.2467. Late-April low offers immediate support ahead of the multi-day-old horizontal line. A nine-day-old falling trend line restricts immediate upside. GBP/USD drops to 1.2257, intraday low of 1.2255, amid the initial Asian session on Wednesday. The pair recently broke an upward sloping trend line from April 06 while trading near April 21 low.

EUR: EUR/USD's weekly candle shows indecision in the marketplace. Fed funds futures see the US interest rates falling below zero by June 2021. Chairman Powell could dash hopes for negative rates during his speech on Wednesday. EUR/USD is lacking a clear direction bias on Wednesday with investors adopting a wait-and-see approach ahead of Federal Reserve Chairman Jerome Powell's speech on economic issues. The currency pair is trading largely unchanged on the day near 1.0850. The long wicks attached to the current weekly candle indicate indecision in the marketplace.

INR: The rupee owes a lot to India's biggest company, Reliance Industries, for its recent buoyancy. As record funds are set flow into the company that is deleveraging its books, the rupee is set to climb further in the short run. Plus, global liquidity of the dollar should help. The rupee gained 0.31 percent Tuesday to close at 75.50 a dollar.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.80	107.00			
GBP/KES	129.70	131.75	GBP/USD	1.2285	1.2343
EUR/KES	114.55	116.40	EUR/USD	1.0855	1.0824
INR/KES		1.4320	AUD/USD	0.6480	0.6490
			USD/INR	75.25	75.72
			Commodities		
			Gold	1708	1705
			Brent Crude	29.38	29.84

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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