

DAILY FX NEWSLETTER

14th May 2020

Local Markets:

The Kenyan shilling weakened on Wednesday mainly due to negative sentiments after the IMF raised the country's risk of debt distress the previous day.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.80	107.00			
GBP/KES	128.95	130.95	GBP/USD	1.2215	1.2285
EUR/KES	114.25	116.10	EUR/USD	1.0825	1.0855
INR/KES		1.4310	AUD/USD	0.6445	0.6480
			USD/INR	75.30	75.25
			Commodities		
			Gold	1722	1708
			Brent Crude	29.51	29.38

T-Bills Rates:

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

Top News:

- Gold eased on Thursday as U.S. Federal Reserve Chairman Jerome Powell downplayed the possibility of negative interest rates, but his warning of an extended period of weak economic growth capped the metal's losses.
- Oil prices were lifted on Thursday by an unexpected drop in U.S. crude stocks, but gains were capped by both a bleak outlook for the world's no. 1 economy as the coronavirus pandemic crushes fuel demand and concern over a potential second wave of cases.

International Markets

USD: The dollar was up on Thursday morning in Asia after U.S. Federal Reserve chair Jerome Powell rejected the possibility of negative rates. In a highly anticipated speech on Wednesday, Powell joined a list of policymakers to fend off the notion, even after Fed futures began pricing a chance of negative U.S. rates within the next year.

GBP: GBP/USD drops for the fourth consecutive day. Downbeat UK data, Brexit/virus fears keep the British Pound heavy. US Dollar stays firm amid broad risk-off sentiment. US Jobless Claims may extend downward trajectory. GBP/USD drops to 1.2210, down 0.16% on a day, while heading into the London open on Thursday. The pair recently declined to 1.2204, the lowest since April 07, before bouncing back just to stay near the bottom. While downbeat UK fundamentals, comprising sluggish data, coronavirus outbreak and Brexit worries, keep the pair heavy, broad US dollar strength seems to top all.

EUR: EUR/USD appears poised to move lower after rejection at 1.09. Powell's comments on the economy and negative rates continue to bode well for the US dollar. US data is likely to show another 2.5 million workers filed for jobless claims in the week ended May 8. The US dollar is extending overnight gains, sending EUR/USD lower amid risk-off action in the Asian stock markets. At press time, EUR/USD is trading under 1.0810, representing a 0.10% decline on the day, having dropped from 1.0896 to 1.0812 on Wednesday.

INR: USD/INR extends Wednesday's recovery moves to challenge the 50-day SMA. A five-week-old falling trend channel keeps seller's hopeful amid bearish MACD. Bulls will wait for the upside break of the channel for fresh entries. USD/INR takes the bids near 75.61, up 0.25% on a day, during the pre-Europe session on Thursday. In doing so, the pair probes 50-day SMA inside a multi-day-old falling trend channel.

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