

## DAILY FX NEWSLETTER

18<sup>th</sup> May 2020

### Local Markets:

The Kenyan shilling was under slight pressure on Friday due to an uptick in demand from businesses buying hard currency to meet their obligations as economic activity slowly resumes amid the novel coronavirus pandemic.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	106.20	107.40			
<b>GBP/KES</b>	128.35	130.35	<b>GBP/USD</b>	1.2110	1.2220
<b>EUR/KES</b>	114.75	116.55	<b>EUR/USD</b>	1.0830	1.0815
<b>INR/KES</b>		1.4260	<b>AUD/USD</b>	0.6440	0.6465
			<b>USD/INR</b>	75.83	75.45
			<b>Commodities</b>		
			<b>Gold</b>	1771	1744
			<b>Brent Crude</b>	33.55	31.93

### T-Bills Rates:

Duration	Current	Previous
91 Days	7.266%	7.253%
182 Days	8.192%	8.151%
364 Days	9.172%	9.161%

### Top News:

- Oil prices jumped by more than \$1 a barrel on Monday to their highest in more than a month, supported by ongoing output cuts and signs of gradual recovery in fuel demand as more countries ease curbs imposed to stop the coronavirus pandemic spreading.
- Gold rose on Monday to its highest since October 2012 as worries regarding the souring U.S.-China relations and bleak U.S. economic data underpinned the safe-haven metal.

### International Markets

**USD:** The dollar held its ground on Monday as concern about global tensions with China overshadowed improving sentiment from easing coronavirus lockdowns, while talk of negative interest rates pushed the pound to an almost two-month low. As Italy announced plans to lift travel curbs next month and parts of the United States emerged from lockdowns in a boost to stocks, growing tensions with China in Europe, the United States and Australia have forced currency traders to raise their guard.

**GBP:** GBP/USD recovers from multi-day low, still down for the sixth day in a row. Brexit pessimism, comments from BOE's Haldane keeps bears hopeful. UK's virus-led death toll registers the least increase in two months, business secretary claims 30 million vaccines by Autumn. Qualitative catalysts to remain dominant amid an almost empty calendar. Having initially slumped to the lowest since March 26, GBP/USD bounces off to 1.2110, still down 0.09% on a day, while heading into the London open on Monday.

**EUR:** Dollar drops against most majors as gold hits 7.5-year highs. German minister calls for a temporary ban on Chinese takeovers. Escalation of the US-China or EU-China tensions could cap the upside in EUR/USD. Gold's rally to multi-year highs is likely weighing over the US dollar and pushing the EUR/USD higher on Monday. The currency pair is currently trading at 1.0823, representing 0.10% gains on the day, having put in a low of 1.0807 during the Asian trading hours.

**INR:** USD/INR remains stuck in the recent narrow trading range. A breakout would set to the tone for fresh record highs. Indian Rupee is lacking a clear directional bias as evidenced by USD/INR's recent sideways churn in the range of 75.00 to 76.24. A close above 76.24 would mean that the pullback from the April 22 high of 77.008 has ended and the bulls have regained control. The Rupee, then, could go on to revisit its lifetime lows around 77.00.

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