

DAILY FX NEWSLETTER

19th May 2020

Local Markets:

The Kenyan shilling strengthened on Monday due to weak dollar demand amid an increase in usable foreign currency reserves at the central bank.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.00	107.20			
GBP/KES	129.20	131.25	GBP/USD	1.2215	1.2110
EUR/KES	115.45	117.45	EUR/USD	1.0920	1.0830
INR/KES		1.4290	AUD/USD	0.6540	0.6440
			USD/INR	75.55	75.83
			Commodities		
			Gold	1738	1771
			Brent Crude	35.11	33.55

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 were mixed on Tuesday, with Brent pulling back from an early gain on profit-taking, while U.S. crude extended its rally amid signs that producers are cutting output as promised just as demand picks up on a resumption of economic activity.
- Gold rose on Tuesday, underpinned by Sino-U.S. trade friction and global stimulus although promising early-stage data for a potential Covid-19 vaccine spurred some risk appetite, keeping prices below a more than 7-year high hit in the last session.

International Markets

USD: The dollar nursed losses against major currencies on Tuesday after encouraging results from the trial of a vaccine for Covid-19 improved sentiment in a boost to riskier assets. Wall Street shares, emerging market assets, and commodities all rallied after encouraging data from a Covid-19 vaccine trial by U.S. drug maker Moderna added to the optimism as more governments scale back lockdown restrictions.

GBP: GBP/USD struggles to extend the previous day's recovery moves. A confluence of 200-HMA, a monthly resistance line becomes the key. 1.2120 can offer an intermediate halt during the fall to refresh monthly low. Having stepped back from 100-HMA during Monday's US session, GBP/USD trades near 1.2195 during Tuesday morning in Asia. Considering the RSI's pullback from overbought conditions as well as the key HMA, the Cable might extend the recent weakness towards 1.2120 immediate support.

EUR: EUR/USD feels the pull of gravity amid the escalating US-China tensions. President Trump threatens to block funding to WHO, while China accuses Trump of witchcraft. On the data front, the focus will be on the German Zew survey data for May. EUR/USD eked out its biggest single-day percentage gain in 7.5-weeks on Monday to confirm a bullish breakout on the daily chart. So far, however, the follow-through has been weak. The currency pair is trading at 1.0908, representing marginal losses on the day. The pair clocked a two-week high of 1.0927 on Monday.

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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