

DAILY FX NEWSLETTER

20th May 2020

Local Markets:

The Kenyan shilling gained ground on Tuesday, helped by tight liquidity and an increase in foreign currency reserves held by the central bank.

Top News:

- Gold prices gained on Wednesday as bleak data from major economies reflected the fallout from the coronavirus crisis, while the initial euphoria over a potential Covid-19 vaccine fizzled and gave way to safe-haven demand.
- Oil prices rose on Wednesday amid signs of improving demand and a drawdown in U.S. crude inventories but worries over the economic fallout from the coronavirus pandemic capped gains.

International Markets

USD: The dollar rose on Wednesday morning in Asia after a report casted doubt on a potential vaccine for the COVID-19 virus. The U.S. drug maker had provided insufficient data to determine the vaccine's efficacy. Investors turned to the safe-haven dollar after the report deflated hopes of a potential cure for the virus. The dollar has been stuck in this well-worn range since early April.

GBP: GBP/USD stays mildly positive above monthly support line (previous resistance). May 08 top can lure buyer's past-50-day SMA. Monthly low, key Fibonacci retracements can keep seller's hopeful during fresh declines. Despite stepping back from 50-day SMA the previous day, GBP/USD carries the break of monthly falling trend line while taking the bids near 1.2260 amid early Wednesday. That said, the pair aims to challenge May 08 high of 1.2467 beyond 1.2283 immediate resistance comprising 50-day SMA.

EUR: EUR/USD trades better bid as the S&P 500 futures rise 0.6%. Sentiment indices point to a positive turnaround in the Eurozone economy. Analysts expect the shared currency to test 1.10 in the near-term. With the US stock futures pointing to risk reset, EUR/USD appears set to test the 100-day average for the second straight day. The pair is trading near 1.0943, representing a 0.20% gain on the day and the long-term average is located at 1.0968. Meanwhile, the futures tied to the S&P 500 are up over 0.6%.

INR: The rupee on Wednesday opened 7 paise higher at 75.57 against the US dollar following gains in the domestic equity market and a weak greenback in the overseas market. Initial success in Covid-19 vaccine trials also aided sentiment. On the domestic front, market participants will be keeping an eye on the growth number that will be released later next week. The weaker-than-expected number could continue to keep the rupee weighed down against the US dollar.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.00	107.20			
GBP/KES	129.85	131.85	GBP/USD	1.2275	1.2215
EUR/KES	115.80	117.75	EUR/USD	1.0955	1.0920
INR/KES		1.4290	AUD/USD	0.6560	0.6540
			USD/INR	75.55	75.55
			Commodities		
			Gold	1753	1738
			Brent Crude	34.76	35.11

T-Bills Rates:

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

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