

DAILY FX NEWSLETTER

21st May 2020

Local Markets:

The Kenyan shilling held steady on Wednesday supported by tight liquidity in the local money market that countered importer dollar demand.

Top News:

- Oil prices edged higher on Thursday after data showed U.S. crude inventories fell again, easing concern about a supply glut, though lingering fears over the global economic fallout from the Covid-19 pandemic capped gains.
- Gold fell on Thursday, pressured by hopes of a swift recovery from the coronavirus-driven recession although losses were capped by prospects of more stimulus and bleak data.

International Markets

USD: The dollar clawed back some of the week's losses on Thursday, as investors brought a more cautious tone to trade, while Sino-U.S. tensions and weak economic indicators dampened the mood. Diplomatic relations between the world's two biggest economies have soured in recent weeks with U.S. President Donald Trump attacking Beijing's handling of the coronavirus outbreak. Trade tensions have also flared between China and Australia over Australia's leading role in the push for a global inquiry into the origins and spread of the pandemic.

GBP: GBP/USD prints a two-day losing streak after reversing from 1.2297. BOE's Bailey took a U-turn to praise negative rates, the UK to conduct hydroxychloroquine tests. Trade sentiment witness's fresh downside pressure amid US-China tension, virus woes. UK/US PMIs, US Jobless Claims will offer a busy day ahead. GBP/USD drops to 1.2196, marking a loss of 0.36% on a day, while heading into the London open on Thursday. The BOE Governor Andrew Bailey's favor for negative rates followed downbeat UK inflation figures to pull the Cable back from a weekly high of 1.2297 the previous day.

EUR: EUR/USD has fallen back below a major moving average support. The dollar is better bid across the board on the back of escalating US-China tensions. The EU common fund proposal and signs of a turnaround in the German economy could restrict losses in the EUR. EUR/USD is facing selling pressure and is currently trading below the 100-day simple moving average (SMA) support at 1.0966. The American dollar looks to be drawing haven bids, courtesy of the escalating tensions between the US and China.

INR: USD/INR again confronts monthly resistance line while taking the bids near 75.80. Bearish MACD suggests repetition of the recent pattern marking loss after the gain. An upside clearance can refresh monthly top while bears may have to break April low to mark their strength. USD/INR takes the bids near 75.80, up 0.32% on a day, while heading into the European session on Thursday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.00	107.20			
GBP/KES	129.05	131.05	GBP/USD	1.2200	1.2275
EUR/KES	115.95	117.85	EUR/USD	1.0965	1.0955
INR/KES		1.4260	AUD/USD	0.6565	0.6560
			USD/INR	75.70	75.55
			Commodities		
			Gold	1743	1753
			Brent Crude	36.38	34.76

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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