

DAILY FX NEWSLETTER

22nd May 2020

Local Markets:

The Kenyan shilling held steady on Thursday with tight liquidity in the local money market helping counter dollar demand from merchandise importers.

Top News:

- Oil prices slumped on Friday after China's decision to omit an economic growth target for 2020 renewed concerns that the fallout from the coronavirus pandemic will continue to depress fuel demand in the world's second-largest oil user.
- Gold steadied on Friday as an escalation in U.S.-China tensions underpinned bullion's safe-haven appeal, although positive economic data and easing lockdowns in some countries set up the precious metal for a weekly drop.

International Markets

USD: The dollar held gains against major peers on Friday as worries about renewed diplomatic tensions between the United States and China supported safe-haven demand for the greenback. China-U.S. relations have soured yet again over a broad range of issues, including China's treatment of the former British colony of Hong Kong and its response to the coronavirus pandemic, which is causing risk aversion to spread.

GBP: GBP/USD snaps two-day losing streak while recovering from 1.2185. 61.8% Fibonacci retracement can offer intermediate resistance. Downside break of the triangle will recall sub-1.2100 area on the charts. UK Retail Sales for April become the key fundamental catalyst. GBP/USD extends recovery moves from 1.2185 while taking the bids near 1.2230, up 0.10% on a day, amid the early Friday trading.

EUR: EUR/USD drops as the US dollar finds haven demand on escalating US-China tensions. China's plan to impose a controversial security law on Hong Kong draws Washington's ire. The US proposal to sell arms to Taiwan irks China. EUR/USD is feeling the pull of gravity on Friday with the American dollar drawing haven bids amid fears that China's decision to impose new Hong Kong security law would lead to major US-China tussle.

INR: USD/INR accelerates the recovery moves from 75.47. RBI announces 40 basis points (bps) of cuts in the key Repo and Reverse repo rates. Downbeat comments from China's National People's Congress (NPC) weigh on trading sentiment. USD/INR stays bid around 75.72, up 0.11% on a day, after the Reserve Bank of India (RBI) announced rate cuts on early Friday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.20	107.40			
GBP/KES	129.60	131.65	GBP/USD	1.2230	1.2200
EUR/KES	115.90	117.75	EUR/USD	1.0940	1.0965
INR/KES		1.4285	AUD/USD	0.6545	0.6565
			USD/INR	75.70	75.70
			Commodities		
			Gold	1730	1743
			Brent Crude	34.50	36.38

T-Bills Rates:

Duration	Current	Previous
91 Days	7.319%	7.266%
182 Days	8.227%	8.192%
364 Days	9.195%	9.172%

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