

DAILY FX NEWSLETTER

26th May 2020

Local Markets:

The Kenyan shilling was little changed on Friday, helped by the tight liquidity in the money market amid end month dollar from energy and manufacturing sectors.

Top News:

- Oil prices climbed on Tuesday, boosted by increasing faith in the market that producers will stick to commitments to cut crude supply while demand picks up with more cars back on the road as coronavirus lockdowns are eased around the world.
- Gold ticked higher on Tuesday as brewing Sino-U.S. tensions over Hong Kong lifted demand for the safe-haven metal, though easing coronavirus-induced lockdown restrictions supported equities and capped bullion's gains.

International Markets

USD: The dollar inched lower on Tuesday as growing optimism about a global recovery from the Covid-19 pandemic supported riskier currencies but moves lacked the exuberance of the equities market as Sino-U.S. tensions kept the mood in check. Against a basket of currencies, the dollar was marginally softer at 99.618. It inched higher on the Japanese yen to 107.80 and was a tad weaker elsewhere.

GBP: GBP/USD stays on the bids for the second consecutive day. The US dollar drops from one-week high as trade sentiment turns positive on hopes of the economic restart, virus updates. UK PM Johnson offers clarity on easing the lockdown restrictions, British government drawing plans to bail out key firms. US-China tussle fails to weigh on risks as US Trump President hasn't yet uttered the Hong Kong issue. GBP/USD takes the bids near 1.2215, up 0.20% on a day, while heading into the London open on Tuesday. With the market's risk-on sentiment weighing over the US dollar, buyers keep the reins as the UK and the US return to trading after a long weekend.

EUR: EUR/USD opened at 1.0895 in Asia and moved higher, tracking the uptick in the US stock futures. The improved risk appetite weighed over the safe-haven US dollar. Optimism about a potential coronavirus vaccine built is likely powering gains in risky assets. An above-forecast German Consumer Confidence may bolster the bullish tone around the EUR. EUR/USD is marching higher on Tuesday amid the rally in the Asian risk assets. The uptick marks a positive follow-through to the indecision signaled by Monday's Doji candle.

INR: Indian rupee opened marginally higher on Tuesday, helped by gains in domestic equities and selling in the greenback by banks and exporters. Meanwhile, market participants keenly await the March quarter GDP print due later this week for further cues. Apart from coronavirus development, the markets will also focus on the US-China tensions along with domestic macroeconomic figures to get cues on any stimulus plan announcement.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.30	107.60			
GBP/KES	130.00	131.90	GBP/USD	1.2245	1.2230
EUR/KES	116.00	117.90	EUR/USD	1.0930	1.0940
INR/KES		1.4280	AUD/USD	0.6595	0.6545
			USD/INR	75.55	75.70
			Commodities		
			Gold	1733	1730
			Brent Crude	36.20	34.50

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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