

DAILY FX NEWSLETTER

27th May 2020

Local Markets:

The Kenyan shilling held steady on Tuesday amidst some dollar demand from merchandise importers and the energy sector as the anti-coronavirus lockdown eases and some businesses re-open.

Top News:

- Oil prices fell on Wednesday on revived concerns over how quickly fuel demand will recover even as coronavirus lockdowns begin to ease in many countries, while U.S.-China tensions added to negative sentiment.
- Gold was trading near a two-week low on Wednesday as optimism around several economies re-opening dulled the metal's safe-haven appeal, although increasing China-U.S. frictions over Beijing's proposed security law for Hong Kong tempered losses.

International Markets

USD: The dollar edged higher on Wednesday as worries about the U.S. response to China's proposed security law for Hong Kong supported safe-haven demand for the greenback. Some investors are betting on a resumption of business activity following the crippling coronavirus pandemic that brought the global economy to a standstill, but others worry the threat of U.S. sanctions against China for its treatment of Hong Kong could easily worsen risk sentiment yet again.

GBP: GBP/USD extends pullback from 1.2363, highest since May 12, 2020. Fresh fears surrounding US-China tension, Hong Kong protests help greenback to bounce off 18-day low. Hopes of soft Brexit, Remdesivir usage in the UK fail to keep the pair buyers. GBP/USD steps back from two-week top to 1.2320, down 0.11% on a day, while heading into the London open on Wednesday. Although optimism surrounding Brexit and the usage of the famous coronavirus drug should ideally help the Cable extend the previous run-up, recent challenges to risks trigger the US dollar recovery and weigh on the quote.

EUR: EUR/USD keeps recent trading range with US-China tensions capping upside near 1.10. ECB's Lagarde is likely to reiterate the need for fiscal stimulus. The European Union is likely to deliver the long-awaited fiscal package on Wednesday. While EUR/USD registered gains on Tuesday, the ascent stopped just short of 1.10, keeping the multi-week trading range of 1.1019-1.0727 intact. At press time, the currency pair is trading at 1.0962

INR: USD/INR's daily chart shows a symmetrical triangle pattern. A triangle breakdown would expose a widely-tracked simple moving average support. USD/INR fell by 0.38% on Tuesday, keeping intact a four-week-long narrowing price range represented by trendlines connecting April 30 and May 12 lows and May 6 and May 18 highs. As of Wednesday, the upper and lower ends of the narrowing price range of the symmetrical triangle are located at 75.90 and 75.25

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.40	107.70			
GBP/KES	130.80	133.00	GBP/USD	1.2325	1.2245
EUR/KES	116.40	118.35	EUR/USD	1.0965	1.0930
INR/KES		1.4350	AUD/USD	0.6645	0.6595
			USD/INR	75.50	75.55
			Commodities		
			Gold	1697	1733
			Brent Crude	35.91	36.20

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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