

DAILY FX NEWSLETTER

28th May 2020

Local Markets:

The Kenyan shilling weakened slightly on Wednesday due to some manufacturers and merchandise importers buying dollars to meet their end month Obligations.

Top News:

- Oil prices slid for a second consecutive session on Thursday as U.S. industry data showed a steep and surprising build-up in crude stockpiles, dampening hopes of a smooth demand recovery as the world begins to ease its way out of coronavirus lockdowns.
- Gold edged up on Thursday after hitting a two-week low in the previous session as the rift between Washington and Beijing over Hong Kong escalated, with prices also supported by central bank and government largesse to cushion the blow from the pandemic.

International Markets

USD: The dollar held its own on Thursday as rising China-U.S. tension put crushing pressure on the Chinese yuan and proved a counterweight to optimism about the coronavirus recovery. Tensions have flared between Australia and China over the Covid-19 pandemic, while U.S.-China relations have nosedived amid regular attacks from the Trump administration over China's handling of the virus.

GBP: GBP/USD fades the bounce off 1.2200, drops for the second day. UK PM Johnson to travel Brussels next month, agreement on fisheries might not be ready by July. Bi-annual questioning of the PM by the Commons Liaison Committee will exert pressure to investigate the Cummings scandal. US-China tussle intensifies but the market's risk-tone remains positive ahead of key US data. GBP/USD drops to 1.2250, down 0.07% on a day, while heading into the London open on Thursday.

EUR: EUR/USD hits multi-week highs above the 200-day SMA in Asia. Further gains may remain elusive ahead of the next week's ECB rate decision. ECB's policymakers, on Wednesday, said the bank stands ready to do more if required. EUR/USD is gaining altitude with the American dollar losing ground amid sustained risk-on in the Asian shares and American stock futures. At press time, the currency pair is trading around the 200-day simple moving average at 1.1010, having put in a high of 1.1035 during the Asian trading hours. That was the highest level since April 1.

INR: USD/INR created an inside day candle on Wednesday, making Thursday's close pivotal. Daily chart also shows a symmetrical triangle pattern. The USD/INR market looks to have turned indecisive. The currency pair rose 0.34% on Wednesday but traded well within the preceding day's high and low. Essentially, the pair created an "inside day" candlestick pattern on Wednesday, which is indicative of indecision or range play in the market.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.30	107.60			
GBP/KES	130.10	132.20	GBP/USD	1.2265	1.2325
EUR/KES	116.90	118.90	EUR/USD	1.1025	1.0965
INR/KES		1.4300	AUD/USD	0.6625	0.6645
			USD/INR	75.65	75.50
			Commodities		
			Gold	1718	1697
			Brent Crude	34.09	35.91

T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.