

## DAILY FX NEWSLETTER 4<sup>TH</sup> MAY 2020

### **Local Markets:**

The Kenyan shilling was weaker on Thursday as oil and merchandise importers bought dollars to meet their end month obligations amid thin inflows.

### **Top News:**

- Oil prices fell in early trade on Monday, pairing last week's gains, on worries the global oil glut may persist as U.S – China trade tension could hold back an economic recovery even as coronavirus pandemic lockdown start to ease.
- The dollar inched higher, stocks markets struggled for traction and oil fell on Monday as a US-China spat over the origin of the coronavirus put the brakes on optimism about the economic restart as countries around the world ease restrictions.

### **International Markets**

**USD:** DXY regains composure after dropping to the 98.60.55 band. US-China trade war is back to the fore sustains the upside. US March's Factory Orders only of note the US docket. After bottoming out near the 98.50 level earlier in the Asian trading hours, the greenback has regained composure and reclaimed the 99.00 mark and beyond when tracked by the US Dollar Index (DXY).

**GBP:** GBP/USD extends Friday's losses amid broad risk aversion. US President Trump criticizes China's mishandling of the virus, threatens to end the trade deal. Tories under pressure to reveal lockdown exit plan, UK risks losing world-renowned science sector. A light economic calendar keeps qualitative catalysts in the driver's seat. GBP/USD drops to 1.2460, down 0.36% on a day, while heading into the London open on Monday. Other than the broad US dollar strength, amid US-China tussle, challenges to the UK PM Boris Johnson-led government also weigh on the Cable.

**EUR:** EUR/USD drops as the decline in the US stock futures puts haven bid under a dollar. Risk sentiment takes a hit on rising US-China tensions. Trade war fears return as Trump renews tariffs threat to China. EUR/USD is flashing red at press time and could end the day on a negative note, snapping a three-day winning run due to risk aversion and the broad-based demand for the US dollar

**INR:** USD/INR rises 0.50% while extending U-turn from 50-day SMA. An eight-day-old falling trend line on the buyers' radar. Sellers can aim for mid-March high under near-term key SMA. While extending its pullback from 50-day SMA, USD/INR rises to 75.74, up 0.45% on a day, during the pre-European session on Monday. Even so, a descending trend line from April 22, at 75.90, followed by a 21-day SMA level of 76.11, can check the short-term buyers.

### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	106.60	107.80			
<b>GBP/KES</b>	132.85	134.90	<b>GBP/USD</b>	1.2460	1.2490
<b>EUR/KES</b>	116.20	117.95	<b>EUR/USD</b>	1.0945	1.0878
<b>INR/KES</b>		1.4310	<b>AUD/USD</b>	0.6410	0.6578
			<b>USD/INR</b>	75.70	74.88
			<b>Commodities</b>		
			<b>Gold</b>	1732	1732
			<b>Brent Crude</b>	26.17	25.82

### **T-Bills Rates:**

Duration	Current	Previous
91 Days	7.242%	7.212%
182 Days	8.134%	8.121%
364 Days	9.115%	9.110%

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