

DAILY FX NEWSLETTER

02nd JUN 2020

Local Markets:

The Kenyan shilling firmed on Friday due to tight liquidity conditions in the local money market and inflows from horticulture exports.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.00	107.30			
GBP/KES	132.30	134.50	GBP/USD	1.2515	1.2355
EUR/KES	117.85	119.85	EUR/USD	1.1145	1.1105
INR/KES		1.4290	AUD/USD	0.6817	0.6660
			USD/INR	75.55	75.50
			Commodities		
			Gold	1749	1718
			Brent Crude	38.64	35.68

T-Bills Rates:

Duration	Current	Previous
91 Days	7.333%	7.319%
182 Days	8.248%	8.227%
364 Days	9.198%	9.195%

Top News:

- Oil prices rose on Tuesday, with traders waiting to see whether major producers agree to extend their huge output cuts to shore up prices at a virtual meeting expected later this week.
- Gold prices inched lower on Tuesday on signs of economic recovery as more countries ease lockdown curbs, while protests in the United States, China-U.S. tensions and a weaker dollar limited loss.

International Markets

USD: The dollar was on the defensive on Tuesday as investors stuck to hopes of a global economic recovery despite heightened concerns over U.S.-China tensions and mass protests in many U.S. cities over the death of a black man in police custody. U.S. manufacturing activity eased off an 11-year low in May and although the reading was weaker than forecast, it fit into markets' expectations that the worst of the economic downturn was behind as businesses reopen.

GBP: GBP/USD bears the burden of US dollar pullback, eases from 1.2525. DXY pullback from 11-week low amid escalation civil unrest in the US. Brexit-positive news hopes of further helps from the Tory government keep buyer's hopeful. GBP/USD recedes to 1.2485, down 0.07%, while heading into the London open on Tuesday. The pair's recent pullback could be traced from the US dollar's bounce off multi-day low. Even so, the last full round of Brexit talks, starting today, will be the key to determine near-term Cable moves.

EUR: Broad USD bounce, cautious mood caps EUR/USD's upside. Bleak Eurozone/US Manufacturing PMIs fail to move the pair. Eyes on US-China updates and risk trend amid a quiet docket. EUR/USD is holding the lower ground above the 1.1100 level ahead of European trading, with the upside capped below 1.1150 amid a tepid bounce staged by the US dollar across its main competitors. The greenback saw a revival of the buying interest after some energy got sapped out of the risk-on rally seen overnight, possibly due to the escalating US riots while markets remain jittery amid renewed US-China trade concerns.

INR: USD/INR drops to 13-day low while flashing three-day losing streak. Indian PM Narendra Modi to chair special cabinet meeting, big decisions are expected amid coronavirus outbreak in the Asian nation. A sustained break of near-term key support will highlight late-March low, 100-day EMA for sellers. Bulls will look for entry beyond three-week-old resistance line. USD/INR drops 0.20% while flashing 75.38 as a quote amid Monday's initial Indian session.

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