

DAILY FX NEWSLETTER

04th June 2020

Local Markets:

The Kenyan shilling gained ground on Wednesday, helped by inflows from agricultural exports and low dollar demand from merchandise importers.

Top News:

- Oil prices fell on Thursday, reversing gains in the previous session, on concerns that supply will rise if major producers are unable to agree to extend the depth of output cuts that have supported recent gains.
- Gold prices gained from last session's fall on lingering political tensions and a weaker dollar but were still near their lowest in over a week as equities were set to extend their gains on economic optimism.

International Markets

USD: The dollar was up on Thursday morning, with investors turning to the safe-haven asset as U.S.-China tensions flared up overnight. In its latest move, the U.S. suspended flights into the U.S. by Chinese airlines effective from June 16 after China barred American carriers from re-entering China. Relations between the two countries soured after China approval of the enactment of national security laws in Hong Kong and Macau last month. Hong Kong's Legislative Council has started voting on national anthem bill, a precursor to the national security laws.

GBP: GBP/USD snaps five-day winning streak to take U-turn from 100-day SMA, still above 1.2500. The UK think tank warns services left out of Brexit trade talks, BOE's Bailey tells banks to prepare for no-deal exit. US Dollar bounces off three-month low amid risk reset, pre-ECB moves. US Jobless Claims and UK Construction PMI could also offer intermediate direction. Having risen for the five consecutive days, GBP/USD fades upside momentum while declining to 1.2543, down 0.24%, ahead of the London open on Thursday.

EUR: Euro bulls take a breather ahead of ECB decision. ECB to expand bond-buying to boost the economic recovery. US dollar rebound amid the cautious market mood. Amid a broad-based US dollar rebound, EUR/USD corrects further from three-month highs of 1.1257 ahead of the European open, as the bulls take a breather ahead of the key European Central Bank (ECB) monetary policy decision. The market mood turned cautious in Asia and re-ignited the haven demand for the US dollar, as the US-China tensions continue to dampen the investors' sentiment.

INR: The rupee surrendered all intra-day gains to provisionally settle 11 paise lower at 75.47 against the US dollar on Wednesday, even as domestic equities were trading in positive territory. Forex traders said positive domestic equities, sustained foreign fund flows, revival of business activities and weak US dollar supported the local unit, but there are still a slew of risks, including US-China trade tiff and concerns that it may jeopardize the Phase-1 deal.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.30	106.60			
GBP/KES	131.85	134.05	GBP/USD	1.2550	1.2600
EUR/KES	118.00	119.95	EUR/USD	1.1230	1.1220
INR/KES		1.4290	AUD/USD	0.6915	0.6955
			USD/INR	75.30	75.10
			Commodities		
			Gold	1.703	1728
			Brent Crude	39.24	40.43

T-Bills Rates:

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

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