

## DAILY FX NEWSLETTER

08<sup>th</sup> June 2020

### Local Markets:

The Kenyan shilling was unchanged on Friday due to muted dollar demand from merchandise and oil importers.

### Top News:

- Oil crept higher on Monday but gave up big early gains as optimism over major crude producers' deal to extend record output cuts gave way to disappointment that the accord didn't extend beyond the end of July.
- Gold inched up on Monday although safe-haven demand remained subdued, after prices fell to a more than one-month low in the last session as an unexpected jump in U.S. employment boosted hopes for a swift economic recovery.

### International Markets

**USD:** The U.S. dollar fell against the Antipodean currencies and the British pound after surprising improvement in U.S. labor market data bolstered expectations for economic recovery, which reduced safe-harbor demand for the greenback. In contrast, the U.S. dollar traded near its highest in more than two months against the yen, supported by recent gains in long-term Treasury yields as investors await the outcome of a two-day U.S. Federal Reserve meeting ending on Wednesday.

**GBP:** Sterling's rally peaks at 1.2725 and the pair pulls back to 1.2660 area. The pair remains capped below the 200-day moving average, at 1.2680. Above 1.2680, next resistance levels might be at 1.2725 and 1.2850. The sterling has rallied against the dollar for the seventh consecutive day, extending its uptrend from 1.2260 area to levels past 1.2700 for the first time since mid-March. The pair, however, has failed to confirm above the 200-day SMA, which capped the GBP/USD upside attempts in April, now around 1.2680.

**EUR:** EUR/USD has pulled back from session highs near 1.1320, it is still trading above the 50-hour simple moving average (SMA) support, currently at 1.1294. The pair charted higher lows along the 50-hour SMA throughout the rally from the May 27 low near 1.10 to Friday's high of 1.1384. To put it another way, the technical line has consistently reversed pullbacks over the last week or so. Hence, it is the level to watch out for over the next few hours.

**INR:** USD/INR struggles for direction near short-term key resistance. Normal RSI conditions, nearness to 21-day SMA keeps the hope of another pullback below 76.00. A two-month-old falling trend line adds to the upside barrier. April low becomes the crucial support below 75.00. USD/INR trims the early-day gains to 75.54, up only 0.04% on a day, during the pre-European session on Monday.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.40	106.70			
GBP/KES	133.80	135.95	GBP/USD	1.2720	1.2665
EUR/KES	118.90	120.85	EUR/USD	1.1305	1.1380
INR/KES		1.4295	AUD/USD	0.6785	0.7010
			USD/INR	75.45	75.35
			Commodities		
			Gold	1694	1713
			Brent Crude	42.93	40.33

### T-Bills Rates:

Duration	Current	Previous
91 Days	7.325%	7.333%
182 Days	8.200%	8.248%
364 Days	9.165%	9.198%

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