

DAILY FX NEWSLETTER

10th June 2020

Local Markets:

The Kenyan shilling edged down on Tuesday due to an uptick in demand for dollars by some importers.

Top News:

- Gold extended gains on Wednesday as global equity markets eased after a recent rally, while U.S. Treasury yields dropped ahead of the outcome of the Federal Reserve's meeting that is expected to shed light on the state of the economy and further stimulus.
- Oil prices fell on Wednesday after data showed a rise in crude and fuel stockpiles in the United States, reviving concerns about oversupply and falling fuel demand in the world's largest crude consumer amid the coronavirus outbreak.

International Markets

USD: The dollar nursed losses against most currencies on Wednesday amid some speculation the U.S. Federal Reserve could take steps to curb a recent rise in bond yields at its policy meeting. The focus is a Fed policy meeting later on Wednesday. While no major changes are expected, recent rises in yields have pushed up the dollar due to increasing signs the U.S. economy is stabilizing, but a full-fledged recovery from the coronavirus outbreak is still distant.

GBP: GBP/USD holds onto recovery gains from early-Asia low surrounding 1.2705. UK Business Secretary announced further easing of lockdown restrictions, PM Boris Johnson will offer additional guidelines. Britain catches the fire between the US and China's tussle, mainly due to Huawei. A light calendar could restrict market moves during the pre-Fed trading lull. GBP/USD seesaws around 1.2740, intraday high of 1.2747, while heading into the London open on Wednesday.

EUR: EUR/USD is trading firm on Wednesday above the 200-week simple moving average (SMA) of 1.1331 amid broad-based US dollar weakness ahead of the outcome of the Federal Reserve's meeting. The Fed's monetary policy statement is due at 1800 GMT and will be followed by a press conference from Chairman Jerome Powell. The central bank is widely expected to keep interest rates unchanged at record lows and publish economic forecasts, which are expected to signal a sharp contraction in the economic activity this year and near-zero interest rates for few years.

INR: The USD/INR spot has been trading in a very tight range 75-75.65 as investors await catalyst to move forward and take positions. It shrugged off all the gains from the record high of 76.90 and the coronavirus infection as economies started reopening. Since more than a month, both bulls and bears engulfed themselves in a dilemma. Recently, equity segment has seen a persistent rally on optimism over gradual reversal of quarantine measures in several countries.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.70	107.00			
GBP/KES	134.80	137.00	GBP/USD	1.2780	1.2730
EUR/KES	119.95	121.95	EUR/USD	1.1375	1.1305
INR/KES		1.4350	AUD/USD	0.7005	0.7010
			USD/INR	75.35	75.35
			Commodities		
			Gold	1726	1702
			Brent Crude	40.65	41.22

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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