

DAILY FX NEWSLETTER

11th June 2020

Local Markets:

The Kenyan shilling was under depreciation pressure on Wednesday as the easing of coronavirus restrictions jumpstart economic activities and boosts demand for hard currency.

Top News:

- Gold eased on Thursday as investors booked profits after prices rose to a more than a one-week high on bleak economic projections from the U.S. Federal Reserve.
- Oil prices fell more than 2% on Thursday on worries about slow demand growth with coronavirus cases rising, U.S. crude stockpiles hitting an all-time high and the U.S. Federal Reserve projecting recovery from the pandemic would take years.

International Markets

USD: The dollar steadied against riskier currencies and the safe-haven yen hit a one-month high on Thursday, as the U.S. Federal Reserve's dour economic outlook spooked investors. The moves arrested the greenback's initial slide after the Fed's policy stance, projecting rates near zero for years, was even more accommodative than expected. Against a basket of currencies, the dollar was steady at 96.050, just above a three-month low hit on Tuesday.

GBP: GBP/USD bears attack 1.2700 mark following its U-turn from 1.2813. Brexit pessimism, US-China tussle and market's consolidation during the post-FOMC period mainly weaken the pair. US Jobless Claims, UK GDP and risk factors are the key catalysts to watch. GBP/USD drops to 1.2690, down 0.47%, while heading into the London open on Thursday. The Cable pair surged to the fresh high since March 12 the previous day, following the US dollar's broad weakness due to the Fed meeting. However, the escalation of risk aversion and short-covering moves seem to have triggered the greenback's pullback from the early-March low.

EUR: EUR/USD erases gains seen during the Asian trading hours. Dollar picks up a bid as stocks drop on growth concerns. Fed sees long recovery ahead, predicts no change in interest rates through 2022. The weak tone in the global stock markets is again boding well for the US dollar and pushing EUR/USD lower. At press time, the pair is trading in the red near 1.1360, having put in a high of 1.1395 during the Asian trading hours.

INR: USD/INR is trading on the front-foot near 75.70 levels, as the rupee remains pressured by the above report. Broad-based US dollar bounce, in the wake of the Fed induced risk aversion on the global equities, also underpins the rebound. Following recent India's Outlook downgrade by Moody's Investors Services, Standard and Poor's (S&P) Global affirmed India's long-term foreign and local currency sovereign credit rating at the lowest investment-grade level while maintaining its stable outlook on the economy.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 105.90 | 107.20 | | | |
| GBP/KES | 134.00 | 136.10 | GBP/USD | 1.2675 | 1.2780 |
| EUR/KES | 119.90 | 121.90 | EUR/USD | 1.1345 | 1.1375 |
| INR/KES | | 1.4310 | AUD/USD | 0.6935 | 0.7005 |
| | | | USD/INR | 75.70 | 75.35 |
| | | | Commodities | | |
| | | | Gold | 1737 | 1726 |
| | | | Brent Crude | 40.22 | 40.65 |

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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