

## DAILY FX NEWSLETTER

### 25<sup>th</sup> June 2020

#### **Local Markets:**

The Kenyan shilling held firm on Wednesday due to inflows from horticulture exports and diaspora remittances supplying end month dollar demand from manufacturers and some multinational companies.

#### **Top News:**

- Gold edged lower on Thursday, easing off a near eight-year high hit in the last session, as a selloff in equity markets driven by a surge in coronavirus cases prompted some investors to dump assets.
- Oil prices slipped on Thursday, extending losses of more than 5% in the previous session, weighed down by record high U.S. crude inventories and worries that a rapid resurgence in Covid-19 cases could choke a revival in fuel demand.

#### **International Markets**

**USD:** The dollar held the upper hand on Thursday as an increase in coronavirus cases in the United States and fresh trade tensions undermined hopes for a quick global recovery and prompted investors to trim bets on riskier currencies. In California, which has seen sharp rises in new cases in the past few days, Disney Parks said it will delay re-opening of theme parks and resort hotels. While some investors expect the economic impact from second wave infections could be smaller than the first one, others worry that policymakers might fail to respond forcefully and risk further economic damage.

**GBP:** GBP/USD stretches Wednesday's losses to refresh three-day low. EU's softening of stance suggests upbeat start to the next week's Brexit talks. US dollar benefits from broad risk-off moves amid trade, virus fears. A light calendar keeps risk catalysts on the driver's seat. GBP/USD drops to 1.2404, down 0.10% on a day, while heading into the London open on Thursday. The Cable pair fails to cheer the recent Brexit-positive signs amid the broad greenback strength backed by risk-off sentiment.

**EUR:** EUR/USD in downside consolidation phase, looks vulnerable. EU-US trade tensions could further boost the safe-haven USD. German/US virus stats, risk trends and ECB minutes in focus. Following Wednesday's 75-pips sell-off, EUR/USD is looking to extend the downside below 1.1250, as the bears fight back control ahead of the European open.

**INR:** USD/INR struggles to extend recovery moves from 75.45. 75.45/39 area can offer immediate support ahead of two-month horizontal line. 23.6% Fibonacci retracement, monthly top act as additional resistance. USD/INR eases from the intraday high of 75.77 to 75.69 during the initial Indian trading session on Thursday. In doing so, the pair takes U-turn just ahead of the 50-day SMA while also carrying the pullback from a two-week low flashed on Tuesday.

#### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	105.70	106.90			
<b>GBP/KES</b>	131.10	133.15	<b>GBP/USD</b>	1.2430	1.2520
<b>EUR/KES</b>	118.75	120.65	<b>EUR/USD</b>	1.1260	1.1330
<b>INR/KES</b>		1.4250	<b>AUD/USD</b>	0.6880	0.6955
			<b>USD/INR</b>	75.55	75.10
			<b>Commodities</b>		
			<b>Gold</b>	1773	1785
			<b>Brent Crude</b>	3987	42.60

#### **T-Bills Rates:**

Duration	Current	Previous
91 Days	7.089%	7.259%
182 Days	7.739%	8.058%
364 Days	8.667%	9.030%

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