

DAILY FX NEWSLETTER

01st July 2020

Local Markets:

The Kenyan shilling edged slightly downwards on Tuesday due to dollar demand from the energy sector and some multinational companies exceeding inflows from remittances and horticulture exports.

Top News:

- Oil prices rose on Wednesday after an industry report showed crude inventories in the United States fell much more than expected, suggesting demand is improving even as the coronavirus outbreak spreads around the world.
- Gold prices edged higher on Wednesday, hovering near an eight-year high, as a spike in COVID-19 infections in the United States assuaged hopes of a swift economic rebound, pushing investors towards the safety of bullion.

International Markets

USD: The dollar held gains against the yen on Wednesday ahead of data expected to show U.S. manufacturing activity and hiring continued to recover from the economic shock caused by the coronavirus pandemic. The dollar will be supported against the yen if U.S. economic data are positive, but U.S. yields are not rising much because of speculation about yield curve control.

GBP: GBP/USD fades the previous day's upside momentum from 1.2402. Fresh challenges to Brexit negotiations, USD recovery trigger the recent pullback. UK Manufacturing PMI, US data and FOMC minutes will join risk catalysts to provide fresh impulse. GBP/USD eases from 1.2402 to 1.2380 while heading into the London open on Wednesday. In doing so, the Cable defies Tuesday's upside momentum amid recent news suggesting further challenges to the EU-UK Brexit talks. Other than the updates from Brussels, the coronavirus (COVID-19) news and UK Manufacturing PMI could offer intermediate clues ahead of the busy US session.

EUR: EUR/USD trades in the red despite an above-forecast China data. US stock futures drop, bond yields rise, keeping the US dollar better bid. On the data front, the focus is on Germany's labor market data. EUR/USD is trading on a weak note on Wednesday, falling even against an upbeat China data. At press time, the currency pair is trading at 1.1223, representing a 0.10% decline on the day. The shared currency faced rejection at a high of 1.1240 during the Asian trading hours.

INR: The rupee has weakened against the dollar in recent months, the rupiah has firmed up. The opposite moves in the two currencies have been a debate among investors because both the economies have similar macro indicators such as current account and fiscal deficits. The brokerage expects this divergence to continue.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.80	107.00			
GBP/KES	130.70	132.70	GBP/USD	1.2380	1.2285
EUR/KES	118.60	120.50	EUR/USD	1.1235	1.1230
INR/KES		1.4280	AUD/USD	0.6905	0.6865
			USD/INR	75.45	75.40
			Commodities		
			Gold	1802	1784
			Brent Crude	39.70	41.62

T-Bills Rates:

Duration	Current	Previous
91 Days	6.700%	7.089%
182 Days	7.395%	7.739%
364 Days	8.194%	8.667%

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