

DAILY FX NEWSLETTER

03rd July 2020

Local Markets:

The Kenyan shilling was stable on Thursday, thanks to inflows from remittances and horticulture exports.

Top News:

- Gold was flat, trading in a narrow \$4 range on Friday, as worries over surging coronavirus cases globally and lingering trade tensions between the United States and China overshadowed strong U.S. jobs data.
- Crude prices fell on Friday as the resurgence of the coronavirus globally and in the United States, the world's largest oil consumer, dimmed the prospects of fuel demand recovery.

International Markets

USD: The dollar was hemmed into a narrow range on Friday, supported by safe-haven flows as a resurgence of the coronavirus in the United States discouraged some investors from taking on excessive risk. The U.S. economy added more jobs than expected in June, data showed on Thursday, but reaction in the currency market has been muted because another spike in coronavirus infections threatens to put the breaks of economic activity once again.

GBP: GBP/USD nears the lower end of 1.2455/75 trading range. The abrupt halt in the EU-UK Brexit talks with serious differences weighs on the pair. Fears of further job losses, no furlough extension joins UK-China tussle to add negatives. A second reading of the UK Services PMI, updates concerning virus and Hong Kong issue could offer trade jitters. GBP/USD seesaws around 1.2460/65 while heading into the London open on Friday. The Cable reversed from a seven-day top on Thursday as policymakers from the European Union (EU) and the UK called off the Brexit trade deal talks earlier than initially planned on a grim note.

EUR: EUR/USD's search for clear directional bias continues with the pair trapped in 1.1185-1.13 range. The options market shows investors are adding bets to position for strength in the EUR. EUR/USD has been largely restricted to a trading range of 1.1185 to 1.13 since last Friday. A prolonged consolidation often ends with a big move in either direction. One may predict a range breakdown and a big move to the downside, as the optimism stemming from Eurozone's coronavirus fund is fading.

INR: India is weighing the option of easing a regulatory price cap on overseas borrowing to ensure wider financing access for cash-starved companies even as risk-averse local lenders, despite abundant system liquidity, restrict big-ticket advances to only blue-chip borrowers to prevent potential asset-quality slippages.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.80	107.00			
GBP/KES	131.70	133.75	GBP/USD	1.2475	1.2495
EUR/KES	118.75	120.65	EUR/USD	1.1250	1.1275
INR/KES		1.4440	AUD/USD	0.6940	0.6935
			USD/INR	74.60	75.40
			Commodities		
			Gold	1785	1774
			Brent Crude	40.11	39.82

T-Bills Rates:

Duration	Current	Previous
91 Days	6.546%	6.700%
182 Days	7.048%	7.395%
364 Days	7.769%	8.194%

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