

DAILY FX NEWSLETTER

07th July 2020

Local Markets:

The Kenyan shilling was stable on today supported by inflows from horticulture exports amid light dollar demand from the energy and manufacturing sectors.

Top News:

- Oil prices cautiously rose in early trade on Tuesday with major producers sticking to supply cuts, but gains were capped as U.S. coronavirus cases surged, potentially hampering a recovery in fuel demand.
- Gold prices edged higher on Tuesday, hovering near an eight-year high, as concerns over surging coronavirus cases around the world kept bullion's safety demand elevated.

International Markets

USD: The dollar nursed losses on Tuesday and riskier currencies added a fraction to galloping gains, after better-than-expected U.S. services data provided the latest boost to confidence in a worldwide economic recovery from the COVID-19 pandemic. Against a basket of currencies, the dollar huddled near a two-week low. The Chinese yuan picked up where it left off after soaring with runaway Chinese equities on Monday and briefly broke past the 7 per dollar barrier. The Antipodean currencies tagged along for the ride.

GBP: GBP/USD recovers from 1.2490 as US dollar fades upside momentum. Fears of no Brexit deal in July, virus worries, and UK-China tussle keep the bears hopeful. Bulls await British Chancellor is another attempt to combat the pandemic. Market sentiment struggles for clear direction amid mixed signals, lack of major data/events. GBP/USD repeats its inability to stay bid beyond 1.2500 while taking a U-turn from 1.2518, currently around 1.2502, ahead of the London open on Tuesday. The pair struggles for a clear direction amid fears of a hard Brexit and the US dollar's market reaction amid a day offering a light calendar.

EUR: EUR/USD has faded the spike to 1.1330, tracking the losses in the US stock futures. Dollar remains a preferred safe haven along with the Japanese yen. Coronavirus cases continue to rise, China warns stock traders to be rational. The dour mood in the US stock futures looks to have put a bid under the US dollar, a preferred safe haven since the beginning of the coronavirus crisis. EUR/USD is now trading largely unchanged on the day near 1.1310, having printed a high of 1.1333 during the Asian trading hours.

INR: USD/INR charted a Doji candle on Monday, neutralizing the immediate bearish view. A close above Monday's high is needed to confirm a bullish reversal. USD/INR created a Doji candle on Monday, which comprises long wicks and a small body. The wicks represent a two-way business and the small body represents flat close. As a result, the Doji candle is considered a sign of indecision in the marketplace. USD/INR has charted a Doji candle at 3.5-month lows.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.90	107.10			
GBP/KES	132.25	134.25	GBP/USD	1.2510	1.2505
EUR/KES	119.55	121.45	EUR/USD	1.1315	1.1295
INR/KES		1.4425	AUD/USD	0.6970	0.6980
			USD/INR	74.75	74.45
			Commodities		
			Gold	1792	1781
			Brent Crude	42.80	43.12

T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

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