

## DAILY FX NEWSLETTER

09<sup>th</sup> July 2020

### Local Markets:

The Kenyan shilling was seen under pressure on Wednesday due to an uptick in dollar demand as businesses reopened following the recent lifting of domestic movement restrictions designed to combat the COVID-19 pandemic.

### Top News:

- Gold held steady above the key \$1,800/oz level on Thursday, as worries over mounting COVID-19 cases offset hopes of a swift global economic recovery.
- Oil prices drifted lower on Thursday as concerns about renewed COVID-19 lockdowns in the United States outweighed signs of a recovery in U.S. gasoline demand.

### International Markets

**USD:** The dollar nursed losses against most currencies on Thursday as a rally in riskier assets such as global equities and commodities put a dent in safe-haven demand for the U.S. currency. China's yuan rose to a four-month high against the greenback, extending recent gains as investors of all stripes increase positions in Chinese stocks due to growing optimism about the world's second-largest economy. Lingerin worries about the spread of the coronavirus and a light calendar in Asia could keep some currency pairs in a tight range, but the dollar's losses are gradually increasing as sentiment favours riskier bets on long-term economic growth.

**GBP:** GBP/USD refreshes three-week high while extending the latest pullback from 1.2600. US dollar remains on the back foot amid virus outbreak, tussle with China. Brexit-positive signals, Chancellor Sunak's effort to refuel the economy favor the Pound bulls. US Jobless Claims, Brexit updates and comments from the USTR will be crucial to follow. GBP/USD takes the bids around 1.2630 while heading into the London open on Thursday. In doing so, the Cable pair refreshes the highest levels since June 16 while also flashing a five-day winning streak.

**EUR:** EUR/USD is better bid near a key resistance at 1.1349. Periphery-German bond yields slide in a EUR-positive manner. Fiscal integration would bode well for the shared currency. EUR/USD is gathering upside steam with the cost of borrowing for Eurozone's riskiest countries falling to levels last seen before the beginning of the coronavirus crisis. At press time, the currency pair is trading at session highs near 1.1345, representing a 0.15% gain on the day and nearly a 1% rise on a week-to-date basis. The currency pair looks set to cross above the bearish lower high of 1.1349 created on June 23 and extend the rally to levels above 1.14, as discussed early Thursday.

**INR:** USD/INR's daily chart shows bearish sentiment is quite strong. The pair could reverse the recent recovery from 3.5-month lows. USD/INR rose to 75.00 on Wednesday, having printed a 3.5-month low of 74.5280 on Monday. The bounce lacks conviction, as suggested by the long upper wicks attached to daily candles representing price action seen on Tuesday and Wednesday, and could be short-lived.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	106.30	107.50			
<b>GBP/KES</b>	134.15	136.20	<b>GBP/USD</b>	1.2645	1.2570
<b>EUR/KES</b>	120.60	122.50	<b>EUR/USD</b>	1.1370	1.1285
<b>INR/KES</b>		1.4460	<b>AUD/USD</b>	0.6995	0.6955
			<b>USD/INR</b>	74.85	74.80
			<b>Commodities</b>		
			<b>Gold</b>	1822	1805
			<b>Brent Crude</b>	43.20	42.96

### 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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