

DAILY FX NEWSLETTER

13th July 2020

Local Markets:

The Kenyan shilling was under pressure on Friday from merchandise importers and multinational companies buying dollars to meet obligations following the phased reopening of the economy.

Top News:

- Gold prices rose on Monday, holding ground above the key \$1,800/oz level, as a weaker dollar and worries over surging COVID-19 cases around the globe kept the safe-haven metal underpinned.
- Oil slipped in early Asian trade on Monday as traders eyed an OPEC technical meeting this week which is expected to recommend an easing in supply cuts that have been propping up crude prices.

International Markets

USD: The U.S. dollar edged down in Asian trade on Monday as investors looked to looming economic data from around the world and U.S. corporate earnings to gauge whether the markets' guarded optimism on the economic outlook is justified. The greenback had ended its third week of losses on Friday as investors bought into risk-sensitive currencies on bets that the worst of the pandemic's sweeping impact was over.

GBP: GBP/USD carries Friday's strength to take the latest U-turn from 1.2621. UK Chancellor Rishi Sunak prepares another aid package, Michael Gove pushes to prepare for Brexit. Significant differences prevail in the post-Brexit talks, BoE's Bailey to speak on Libor, British Home Secretary Priti Patel to announce post-Brexit immigration plans. GBP/USD takes the bids near 1.2655, up 0.27% on a day, while heading into the London open on Monday. While broad US dollar weakness could be considered as the key reason for the Cable's latest upside, hopes of another stimulus from the UK and efforts to tame the coronavirus (COVID-19) favor the bulls.

EUR: EUR/USD eyes key technical resistance as risk-on weighs over the US dollar. The shared currency is at the mercy of the broader market sentiment as the data calendar is light on Monday. ECB may sound cautiously optimistic on Thursday, putting a strong bid under the EUR. EUR/USD is fast closing on the 200-week simple moving average (SMA) hurdle at 1.1333 at press time. The bulls have failed to keep gains above the long-term SMA in five out of the past six weeks.

INR: USD/INR takes U-turn from 75.22 after the previous day's bearish candlestick formation. Bearish MACD also favors the sellers targeting a sub-75.00 area. 100-day SMA, 50% Fibonacci retracement limit short-term immediate upside. USD/INR snaps the two-day winning streak while declining to 75.12 during the pre-European session on Monday. The quote follows the bearish candlestick pattern to extend the U-turn from 100-day SMA. Also increasing the odds of the pair's further weakness could be the bearish MACD signals.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.30	107.50			
GBP/KES	134.40	136.45	GBP/USD	1.2670	1.2595
EUR/KES	120.25	122.15	EUR/USD	1.1340	1.1280
INR/KES		1.4420	AUD/USD	0.6980	0.6940
			USD/INR	75.05	75.15
			Commodities		
			Gold	1810	1801
			Brent Crude	42.97	41.76

T-Bills Rates:

Duration	Current	Previous
91 Days	6.274%	6.546%
182 Days	6.759%	7.048%
364 Days	7.700%	7.769%

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