

DAILY FX NEWSLETTER

14th July 2020

Local Markets:

The Kenyan shilling weakened slightly on Monday due to an uptick in dollar demand from merchandise importers after authorities begun a phased easing of coronavirus-induced movement restrictions last week.

Top News:

- Oil prices fell around 2% in early trade on Tuesday on worries that new clampdowns on businesses to stem surging coronavirus cases in California and other U.S. states could threaten the nascent recovery in fuel demand.
- Gold slipped on Tuesday to trade below the key \$1,800 level due to a stronger dollar, though concerns over surging coronavirus cases around the world and Sino-U.S. tensions put a floor under bullion prices.

International Markets

USD: The dollar was marginally higher in narrow ranges against most currencies on Tuesday as renewed concerns about diplomatic tension between the United States and China and rising coronavirus cases put a dent in risk appetite. Currency trading has thinned out as a resurgence of novel coronavirus infections has caused some areas to place new restrictions on business activity. Markets now face an additional threat from tit-for-tat retaliation between Washington and Beijing over access to U.S. financial markets, civil liberties in Hong Kong and territorial claims in the South China Sea.

GBP: GBP/USD attempts recovery from a four-day low of 1.2550. Oversold RSI conditions, key HMA increase odds of the pullback. Sellers may aim for July 08 low during further downside. GBP/USD keeps the early-day bounce off 1.2550 while trading around 1.2560 ahead of the Tokyo open on Tuesday. Although the break of a two-week-old rising trend line dragged the quote to a four-day low, 200-HMA gain supports from oversold RSI conditions to challenge the bears.

EUR: Sentiment towards EUR/USD is bullish courtesy of signs of a rebound in the German economy. Germany's Merkel says a second EU summit may be needed on the fiscal stimulus package. Upside may remain elusive if the global stocks turn risk-averse on lingering virus concerns. EUR/USD looks north with the German economy showing signs of bottoming out and heightened expectations for an EU fiscal stimulus plan.

INR: USD/INR surges to eight-day top ahead of receding from 75.35. Overbought RSI conditions question a short-term bullish chart pattern. 200-bar EMA offers immediate resistance, bears will aim for 75.00 on the downside break of the channel. USD/INR eases from the intraday top to 75.30 while heading into the European session on Tuesday. In doing so, the quote reverses before the key 200-bar EMA, amid overbought RSI, despite staying inside a week-long rising channel formation.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.40	107.60			
GBP/KES	133.40	135.50	GBP/USD	1.2565	1.2670
EUR/KES	120.55	122.45	EUR/USD	1.1355	1.1340
INR/KES		1.4385	AUD/USD	0.6960	0.6980
			USD/INR	75.30	75.05
			Commodities		
			Gold	1799	1810
			Brent Crude	42.02	42.97

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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