

## DAILY FX NEWSLETTER

15<sup>th</sup> July 2020

### Local Markets:

The Kenyan shilling lost ground on Tuesday due to dollar demand from players in the energy sector and importers of merchandise.

### Top News:

- Gold inched higher on Wednesday, holding firm above the key \$1,800 level, as worries over surging coronavirus cases and simmering China-U.S. tensions lifted demand for the safe-haven metal.
- Oil prices rose on Wednesday after a sharp drop in U.S. crude inventories, with the market waiting for more direction from a meeting later in the day on the future level of production by OPEC and its allies.

### International Markets

**USD:** The dollar was down on Wednesday morning in Asia, with investors continuing the previous session's retreat from the safe-haven asset as data released on Tuesday indicated increased U.S. inflation. The U.S. Consumer Price Index (CPI) posted a 0.6% increase month-on-month, its highest in almost eight years. The figure beat analyst forecasts prepared by Investing.com, which predicted a 0.5% increase as well as May's 0.1% decrease. The data eased investor fears of deflationary pressures on the U.S. economy from the COVID-19 economic downturn.

**GBP:** GBP bulls taking over and seeking out a break from key support. Blue skies are on the horizon, but there is plenty of leg work to do yet. The pound has been one of the best-performing G10 currencies of late. Investors have been encouraged by an improvement in the coronavirus statistics for the UK as well as the easing of the lockdown. In yesterday's note, GBP/USD is a loaded pair of fundamentals, technically ripe for the bears, the June 24th highs were targeted for which the price met and exceeded with a bullish pin bar.

**EUR:** EUR/USD has declined to 1.1396 from the one-month high of 1.1423 reached early Tuesday. Losses in the Chinese stock markets seem to have put a bid under the US dollar. Risk assets remain vulnerable to Sino-US tensions despite the coronavirus vaccine news. EUR/USD has backed off from one-month highs reached during the early Asian trading hours, possibly tracking signs of nervousness in some of the Asian markets. The pair is currently trading marginally weaker on the day at 1.1398, having put in a high of 1.1423 early Tuesday. That level was last seen on June 10.

**INR:** The rupee on Wednesday opened 8 paise higher at 75.34 against the US dollar tracking gains in the domestic equity market and weakness in the dollar index. The local currency on Tuesday declined by 23 paise to settle at 75.42 against the dollar after inflation rose to 6.09 per cent in June compared to rise of 5.84 per cent in the month of March following increases for some food and fuel items.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	106.50	107.70			
<b>GBP/KES</b>	133.80	135.85	<b>GBP/USD</b>	1.2590	1.2565
<b>EUR/KES</b>	121.25	123.15	<b>EUR/USD</b>	1.1410	1.1355
<b>INR/KES</b>		1.4430	<b>AUD/USD</b>	0.7010	0.6960
			<b>USD/INR</b>	75.15	75.30
			<b>Commodities</b>		
			<b>Gold</b>	1809	1799
			<b>Brent Crude</b>	43.10	42.02

### 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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