

## DAILY FX NEWSLETTER

16<sup>th</sup> July 2020

### Local Markets:

The Kenyan shilling was under slight pressure on Wednesday as a surge in demand from oil and merchandise importers weighed against scarce hard currency inflows.

### Top News:

- Gold prices held steady near a nine-year peak on Thursday, as concerns over rising coronavirus cases and simmering U.S.-China tensions offset some silver linings from Chinese economic data.
- Oil prices slid on Thursday after OPEC and allies such as Russia agreed to ease record supply curbs from August, though the drop was cushioned by hopes for a swift U.S. demand pick-up after a bigger-than-expected drawdown from the country's crude stocks.

### International Markets

**USD:** The dollar found support on Thursday as simmering Sino-U.S. tensions and weak Chinese consumption data knocked investors' faith in a fairly swift global economic recovery from the coronavirus crisis. China's 3.2% economic growth last quarter easily beat market expectations for 2.5%. But an unexpected drop in retail sales — for a fifth straight month — was an unwelcome harbinger of possible problems ahead for the rest of the world as more countries relax lockdowns and allow businesses to reopen.

**GBP:** GBP/USD portrays a lack of momentum near 1.2600 threshold. A sustained bounce off 50-day EMA, normal RSI favor the bulls. Bears could seek entries below June 24 top. GBP/USD seesaws around 1.2580/92, currently near 1.2589, amid the initial Asian session on Thursday. In doing so, the Cable takes rounds to 200-day EMA after posting a positive daily close the previous day. Even so, the pair's successful recovery from 50-day EMA suggests further upside amid upbeat RSI conditions.

**EUR:** EUR/USD is up nearly 1% on a week-to-date basis. The ECB is expected to maintain the status quo, may sound optimistic about recovery. Investors expect the EU nations to reach a compromise on fiscal stimulus. EUR/USD implied volatility remains low, implying lows odds of a big bullish move. EUR/USD is heading into the European Central Bank rate decision on a positive note. The currency pair is reporting nearly a 1% week-to-date gain at press time and has recently charted a bullish breakout. Options market, however, does not see a sustained move higher.

**INR:** USD/INR consolidates losses above 75.00 following its drop to the one-week low the previous day. Break of short-term support line keeps the sellers hopeful. 200-bar SMA, key Fibonacci retracements add to the upside barriers. USD/INR retraces from one-week low to 75.13 while heading into the European session on Thursday. The Indian rupee pair snapped four-day winning streak on Wednesday after breaking an ascending trend line from June 06.

### 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>	133.50	135.60	<b>GBP/USD</b>	1.2565	1.2590
<b>EUR/KES</b>	121.30	123.20	<b>EUR/USD</b>	1.1415	1.1410
<b>INR/KES</b>		1.4430	<b>AUD/USD</b>	0.7005	0.7010
			<b>USD/INR</b>	75.15	75.15
			<b>Commodities</b>		
			<b>Gold</b>	1810	1809
			<b>Brent Crude</b>	43.49	43.10

### 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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