

DAILY FX NEWSLETTER

20th July 2020

Local Markets:

The Kenyan shilling weakened on Friday as dollar demand from merchandise importers and the energy sector outmatched supply from remittances.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.65	107.85			
GBP/KES	133.60	135.70	GBP/USD	1.2555	1.2575
EUR/KES	121.95	123.85	EUR/USD	1.1460	1.1400
INR/KES		1.4505	AUD/USD	0.7005	0.7010
			USD/INR	74.85	75.05
			Commodities		
			Gold	1810	1800
			Brent Crude	42.87	43.24

T-Bills Rates:

Duration	Current	Previous
91 Days	6.011%	6.274%
182 Days	6.524%	6.759%
364 Days	7.464%	7.700%

Top News:

- Gold held firm above the psychological level of \$1,800 per ounce on Monday, as a weaker dollar and concerns over surging Covid-19 cases around the globe kept the safe-haven metal underpinned.
- Oil prices dipped on Monday, weighed down by the prospect that a rise in the pace of coronavirus infections could derail a recovery in fuel demand.

International Markets

USD: The dollar was up on Monday morning in Asia, with investors awaiting the results of a U.S. Congress debate over fresh COVID-19 stimulus measures later in the week. Debate over the bill started last week, with some current measures due to expire at the end of July. But Republicans and Democrats are already in disagreement, with Republicans wanting the bill to cost no more than \$1 trillion while the Democrats want measures totaling around \$3 trillion.

GBP: GBP/USD seesaws near the intraday low while extending falls from 1.2572. Big British businesses anticipate late recoveries from the pandemic, UK's Raab signals suspension of extradition treaty with Hong Kong. UK PM Johnson rules out second national lockdown, Dominic Cummings push Brexit negotiators to stick firmly to red lines. US doubt dip recession feared, EU summit extends for third day with deadlock over plans for 750 billion Euros. GBP/USD drops to 1.2520, down 0.37% on a day while heading into the London open on Monday. The Cable's latest fall has more to do with the broad risk aversion wave than the pessimism surrounding Brexit and tussle with China, not to forget increasing odds of the BOE's negative rates.

EUR: EUR/USD fails to keep gains above 1.1440 for the fourth straight day. After three days of negotiations, the EU has failed to strike a stimulus deal. The grants figure has been pushed higher to EUR 390 billion. France and Southern European nations demand EUR 400 billion. EUR/USD is trading largely unchanged on the day near 1.1419, having faced rejection above 1.1440 during the Asian trading hours. The pair has repeatedly failed to establish a strong foothold above 1.1440 since Wednesday.

INR: USD/INR creates a lower high at key resistance. Technical indicators are biased bearish, indicate scope for a drop to 74.50. USD/INR fell 0.38% to 74.882 on Friday, having faced rejection above 75.38 - a former support-turned-resistance of the head-and-shoulders (H&S) neckline - on Tuesday. Essentially, the pair has carved out a lower high along the neckline hurdle, reinforcing the bearish view put forward by the H&S breakdown confirmed on July 2.

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