

DAILY FX NEWSLETTER

21st July 2020

Local Markets:

The Kenyan shilling was under pressure on Monday due to dollar demand from the energy and manufacturing sector outstripping hard currency inflows from remittances.

Top News:

- The rally in the gold price regained momentum on Monday as investors continue to pile into hard assets amid a flood of easy money on financial markets in the developed world and expectations of a prolonged period of ultra-low interest rates and currency debasement.
- Oil prices were little changed on Tuesday, trapped in the narrow trading band of the past three weeks as investors gauged hopes for a recovery in oil demand against fears of new lockdowns due to a growing number of coronavirus cases.

International Markets

USD: The dollar was down on Tuesday morning in Asia, with investors retreating from the safe-haven asset over fresh hopes of a COVID-19 vaccine. Oxford University said on Monday that early-stage human trials for its candidate ChAdOx1 nCoV-19, which it is developing with AstraZeneca showed positive results. Two other potential candidates also reported positive results on the same day, including one being developed by CanSino Biologic alongside China's military research unit.

GBP: GBP/USD hovers in a choppy range between 1.2685 and 1.2670, challenges June 16 high. US dollar drops to the lowest since March 10, EU leaders agree over 750 billion Euros of aid package. UK fisheries will be a tough nut to crack as European fisherman insists the same access to British waters. US Secretary of State Mike Pompeo arrived in London to discuss post-Brexit trade deal, 5G and China. GBP/USD eases from the intraday high of 1.2685 to 1.2675, up 0.10% on a day, while heading into the London open on Tuesday.

EUR: EUR/USD sees a minor pop on the EU fiscal deal. Sell the fact trade looks unlikely as the bar of expectations was set low. Dollars sell-off seems to have fueled EUR/USD's month-to-date gains. EUR/USD jumped to fresh multi-month highs on Tuesday after Reuters reported that the European Union has reached a highly anticipated deal on the EUR 750 billion coronavirus recovery fund. The already bid currency pair added 11 pips in the five minutes to 03:25 GMT to print a 4-1/2-month high of 1.1470.

INR: USD/INR attempts recovery from 74.72, the lowest since July 07. 38.2% Fibonacci retracement, 100-day EMA can question the bulls amid bearish MACD. Sellers may aim to refresh monthly low during further weakness. USD/INR struggles to extend the previous fall while taking rounds to 74.80 during the initial Indian session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	106.90	108.10			
GBP/KES	135.30	137.40	GBP/USD	1.2685	1.2555
EUR/KES	122.10	124.05	EUR/USD	1.1450	1.1460
INR/KES		1.4580	AUD/USD	07040	0.7005
			USD/INR	74.65	74.85
			Commodities		
			Gold	1820	1810
			Brent Crude	43.38	42.87

T-Bills Rates:

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

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