

DAILY FX NEWSLETTER

22nd July 2020

Local Markets:

The Kenyan shilling was under pressure on Tuesday due to increased dollar demand from the energy sector and merchandise importers as business activity resumed following lifting of COVID-19 movement restrictions.

Top News:

- Gold rose to its highest since September 2011 on Wednesday, propelled by a softer U.S. dollar and expectation of more stimulus measures to resuscitate pandemic-hit economies which could stoke inflation.
- Oil prices fell on Wednesday as industry data showed a bigger-than-expected inventory build in the United States where coronavirus cases continue to climb, potentially further denting demand in the world's biggest oil consumer.

International Markets

USD: The dollar nursed losses against most currencies, undermined by concern that Republicans and Democrats are struggling to reach consensus on the next round of U.S. economic stimulus measures. Risk appetite has improved greatly this week as progress in developing vaccines for the novel coronavirus reduced the U.S. dollar's safe-harbor appeal. Investors also expect a massive amount of fiscal spending to support growth in major economies but could easily be disappointed if any stimulus falls short of expectations.

GBP: GBP/USD keeps bounce off 1.2715 despite snapping three-day winning streak. The UK Government assumes there will be no trade deal with Europe. British PM doubts the availability of virus vaccine before the year's end, UK scientists warn of a second wave. The UK-US trade talk goes smoothly with America praising British ban Huawei, standing with the ally against China. GBP/USD recedes from 1.2740 to 1.2725 while heading into the London open on Wednesday.

EUR: EUR/USD prints nine-month highs above 1.1540 on sustained dollar selling. RSI shows overbought conditions, but no signs of buyer exhaustion on the price chart. The bias remains bullish for stronger gains toward the next hurdle at 1.1570. EUR/USD rose to 1.1542 a few minutes before press time. That level was last seen in January 2019. The pair closed well above 1.15 on Tuesday as the European Union (EU) fiscal deal and progress on the coronavirus vaccine boosted demand for the risk assets and weighed over the safe-haven US dollar, which took a beating across the board.

INR: USD/INR has dropped by over 1% in the past five days. The INR could appreciate further to 74.00 per US dollar. USD/INR looks south, having declined from 75.37 to 74.528 over the past five trading days. The daily chart shows head-and-shoulders breakdown and lower highs, lower lows setup. The 5- and 10-day simple moving averages (SMA) are trending south, indicating a bearish setup. Further, the 50- and 100-day SMAs have produced a bearish crossover.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.05	108.25			
GBP/KES	136.00	138.10	GBP/USD	1.2730	1.2685
EUR/KES	123.35	125.30	EUR/USD	1.1550	1.1450
INR/KES		1.4620	AUD/USD	0.7160	07040
			USD/INR	74.55	74.65
			Commodities		
			Gold	1859	1820
			Brent Crude	44.09	43.38

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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