

## DAILY FX NEWSLETTER

23<sup>rd</sup> July 2020

### Local Markets:

The Kenyan shilling was under pressure on Wednesday due to surging dollar demand from merchandise importers amid excess liquidity in the local money market.

### Top News:

- Gold climbed close to a nine year high on Thursday morning in Asia, with sluggish economic recovery and rising political tensions between the U.S. and China driving investors to the safe-haven asset.
- Oil prices were modestly up on Thursday morning in Asia even after a surprise jump in crude inventories in the U.S. that saw prices fall from four-month highs in New York on Wednesday.

### International Markets

**USD:** The dollar was down on Thursday morning, despite the rising U.S.-China tensions after the U.S. State Department ordering the Chinese consulate in Houston to close within 72 hours on Wednesday. The State Department said the consulate was being closed "to protect American intellectual property and Americans' private information." China responded on Thursday by calling the move a political ploy ahead of the U.S. presidential elections in November and is reportedly closing the U.S. consulate in Wuhan in retaliation.

**GBP:** GBP/USD takes rounds to the lower end of 1.2722-43 trading range. Overbought RSI, a six-week-old resistance line questions the bulls. Sellers may aim for 61.8% Fibonacci retracement on the 200-day SMA breakdown. GBP/USD drops to 1.2730 during the initial Asian session on Thursday. The cable fails to extend its rise past-200-day SMA breakout amid overbought RSI conditions. As a result, a downward sloping trend line from June 10 becomes the key to watch. Should the quote manage to cross 1.2765 resistance, it can quickly attack the 1.2800 threshold before targeting June month's top near 1.2815.

**EUR:** EUR/USD prints a four-day winning trend on dollar sell-off. Uptrend intact, but Sino-US tensions and coronavirus concerns pose risk. The bid tone may weaken ahead of the EU parliament's ratification of the recovery fund. EUR/USD registered gains for the fourth straight trading day on Wednesday, reinforcing the bullish bias put forward by last week's convincing move above the long-held resistance of the 200- week simple moving average.

**INR:** USD/INR respected bullish candlestick formation to stay beyond 74.50 the previous day. Nearly oversold RSI, short-term support line offer extra challenges to the sellers. An upside clearance of 75.27 will accelerate the recovery moves, late-March lows will follow the nearby support lines. USD/INR trades around 74.65 as the Indian session opens on Thursday. The pair's previous two-day gains could be traced to inverted hammer bullish candlestick formation on the daily chart.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.45	108.65			
<b>GBP/KES</b>	136.70	138.80	<b>GBP/USD</b>	1.2750	1.2730
<b>EUR/KES</b>	124.30	126.25	<b>EUR/USD</b>	1.1595	1.1550
<b>INR/KES</b>		1.4680	<b>AUD/USD</b>	0.7160	0.7160
			<b>USD/INR</b>	74.50	74.55
			<b>Commodities</b>		
			<b>Gold</b>	1869	1859
			<b>Brent Crude</b>	44.32	44.09

### 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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