

## DAILY FX NEWSLETTER

27<sup>th</sup> July 2020

### Local Markets:

The Kenyan shilling regained ground on Friday due to receding dollar demand from the energy sector which had pushed the shilling to an all time record low during previous sessions.

### Top News:

- Gold prices extended gains on Monday, just \$3 shy of an all-time high, driven by U.S.-China tensions and a weaker dollar, while expectations of more stimulus to revive pandemic-hit economies lifted the metal's appeal as an inflation hedge.
- Oil prices edged down on Monday as rising coronavirus cases and tensions between the United States and China pushed investors toward safe-haven assets.

### International Markets

**USD:** The dollar began the week under pressure from all corners as intensifying Sino-U.S. tensions added to worries that the coronavirus resurgence in United States could undermine the recovery in the world's biggest economy. The lack of support for the greenback, even as tit-for-tat consular closures marked the latest escalation in U.S.-China tensions, is a shift for the dollar which has been closely tracking global sentiment through the coronavirus crisis.

**GBP:** GBP/USD rises to the highest level since March 12. Stronger gains may be seen if the pair manages to close above 1.2813. Broad-based US dollar weakness is powering GBP/USD higher in Asia. The pair is currently trading at 1.2830, the highest levels since March 12, having found bids 1.2777 early Monday. Acceptance above 1.2813 (June 10 high) will likely cause more buyers to join the market, leading to stronger gains toward 1.32.

**EUR:** EUR/USD moved and receded from fresh peaks beyond 1.1700. German IFO survey next of relevance in the docket on Monday. US Durable Goods Orders, Dallas Fed gauge on tap across the pond. The bullish bias around the European currency remains well and sound for yet another session on Monday, this time lifting EUR/USD to fresh tops above 1.17 the figure. EUR/USD has started its sixth consecutive week with gains on Monday, reaching levels last seen in September 2018 beyond the 1.17 mark.

**INR:** The rupee on Monday opened 12 paise higher at 74.71 against the greenback following weakness in the dollar index. Before closing 8 paise down at 74.83 per dollar on Friday, the local unit traded in a range for the whole of the session after a sharp recovery was witnessed in domestic equities. This week, market participants will be keeping an eye on the FOMC policy statement and a dovish commentary could further weigh on the greenback in the next few sessions.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	107.05	108.25			
<b>GBP/KES</b>	137.10	139.20	<b>GBP/USD</b>	1.2835	1.2750
<b>EUR/KES</b>	125.05	127.05	<b>EUR/USD</b>	1.1710	1.1615
<b>INR/KES</b>		1.4600	<b>AUD/USD</b>	0.7140	0.7095
			<b>USD/INR</b>	74.65	74.80
			<b>Commodities</b>		
			<b>Gold</b>	1929	1883
			<b>Brent Crude</b>	43.64	43.33

### T-Bills Rates:

Duration	Current	Previous
91 Days	6.112%	6.011%
182 Days	6.440%	6.524%
364 Days	7.370%	7.464%

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