

DAILY FX NEWSLETTER

29th July 2020

Local Markets:

The Kenyan shilling was unchanged on Tuesday with inflows from remittance helping to meet dollar demand from the energy sector.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.10	108.30			
GBP/KES	138.20	140.30	GBP/USD	1.2930	1.2870
EUR/KES	125.40	127.40	EUR/USD	1.1740	1.1745
INR/KES		1.4620	AUD/USD	0.7175	0.7150
			USD/INR	74.60	74.65
			Commodities		
			Gold	1949	1931
			Brent Crude	43.64	43.87

T-Bills Rates:

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

Top News:

- Gold prices steadied on Wednesday as worries over rising cases of COVID-19 and expectations of possible inflation from more stimulus measures underpinned the metal, while investors awaited the U.S. Federal Reserve's meeting outcome later in the day.
- Oil prices rose on Wednesday after an industry report showed that crude inventories in the United States fell against expectations, giving the market a boost amid record increases of coronavirus infections in the U.S. and elsewhere.

International Markets

USD: The dollar languished near two-year lows on Wednesday as the United States struggled to contain a spike in coronavirus cases, dashing hopes for a quick economic recovery. The dour outlook for the world's largest economy is expected to see the U.S. Federal Reserve sticking to a dovish stance at its policy review later in the day, with dollar bears betting it could hint of other ways to loosen policy further down the road.

GBP: GBP/USD recovers from an intraday low of 1.2912 while nearing the highest levels since March 11 flashed on Tuesday. EU Lobbyist claims Brexit deal will come, Northern Ireland gets blow in post-Brexit laws of the bloc. UK PM Johnson, Germany's RKI head cite increasing risk of virus wave 2.0. UK-China row heats up, updates from London School of Economics, British retail sales challenge the bulls. GBP/USD picks up the bids around 1.2935 while heading into the London open on Wednesday.

EUR: EUR/USD is taking a breather in the range of 1.17 to 1.1708. The Fed may signal a higher tolerance for inflation. Dovish talk on inflation could yield another sell-off in the US dollar. US fiscal wrangling is a cause for concern for the dollar bears. EUR/USD's upward momentum looks to have stalled with investors adopting a cautious stance ahead of the Fed amid renewed concerns regarding the health of the US economy. The currency pair faced rejection near 1.1780 for the second straight day on Tuesday and is currently trading around 1.1730.

INR: USD/INR could revisit the psychological hurdle of 75.00. Sellers failed to keep the pair below 74.30 on Tuesday. USD/INR formed a classic bullish hammer on Tuesday, which occurs when an asset reverses intraday losses and ends the day with gains. The pair found bids below 74.30 on Tuesday and closed 0.12% higher on the day at 74.71.

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.