

## DAILY FX NEWSLETTER

### 30<sup>th</sup> June 2020

#### **Local Markets:**

The Kenyan shilling was stable on Monday supported by increased diaspora remittances amid low demand for dollars from merchandise importers.

#### **Top News:**

- Gold prices held steady on Tuesday and were heading for their biggest quarterly rise in more than four years as fears over rising coronavirus cases around the world boosted demand for the safe-haven metal.
- Oil prices fell on Tuesday as optimism for a straightforward recovery in fuel demand faded and a looming increase in supply weighed on the market, with Libya's state oil company flagging progress on talks to resume exports.

#### **International Markets**

**USD:** The dollar retreated on Tuesday morning in Asia, giving up it gains from the last session as investors balance positive trade data with increasing COVID-19 figures. U.S. Federal Reserve Chair Jerome Powell warned on Monday that the outlook for the U.S. economy is "extraordinarily uncertain" and is dependent on the virus being contained and government measures to support recovery.

**GBP:** GBP/USD fails to stretch early-day recovery moves beyond 1.2317. Brexit talks continue with the UK insisting on an outline deal by July-end. China's passage of the Hong Kong Security Law suggests fresh Beijing-London row. UK PM Johnson's infrastructure investment plan, UK GDP and Brexit talks remain in the spotlight. GBP/USD takes rounds to 1.2300 while heading into the London open on Tuesday. The Cable dropped to the lowest since May 28 the previous day after traders rushed to the US Dollar and Brexit negotiations offered a bump in the start.

**EUR:** EUR/USD looks set to confirm its first two-month winning run since January 2018. Upbeat China supports gains in risk assets and EUR/USD. Monday's above-forecast US housing data could continue to cap the upside in EUR/USD. EUR/USD appears on track to close June on a positive note, having jumped by over 1.3% in May. At press time, the pair is trading at 1.1242, representing a 1.27% rise on a month-to-date basis. If the uptick is held through Tuesday's GMT close, a monthly gain would be confirmed.

**INR:** The rupee on Tuesday opened 10 paise higher at 75.48 against the US currency on easing crude oil prices and a weak dollar in overseas markets. On the domestic front, no major economic data is expected to be released but market participants remain cautious and wait for more clarity on the ongoing tension between India and China. The pressure on the currency may continue ahead of the PM's address to the nation as that could trigger volatility not only in equities but also in the currency and debt market.

#### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	105.75	106.95			
<b>GBP/KES</b>	129.65	131.65	<b>GBP/USD</b>	1.2285	1.2385
<b>EUR/KES</b>	118.45	120.40	<b>EUR/USD</b>	1.1230	1.1265
<b>INR/KES</b>		1.4285	<b>AUD/USD</b>	0.6865	0.6880
			<b>USD/INR</b>	75.40	75.45
			<b>Commodities</b>		
			<b>Gold</b>	1784	1786
			<b>Brent Crude</b>	41.62	37.64

#### **T-Bills Rates:**

Duration	Current	Previous
91 Days	6.700%	7.089%
182 Days	7.395%	7.739%
364 Days	8.194%	8.667%

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