

DAILY FX NEWSLETTER

06th August 2020

Local Markets:

The Kenyan shilling traded largely unchanged on Wednesday, and traders said they expected it to weaken due to dollar demand, especially from oil companies.

Top News:

- Oil prices were unchanged on Thursday, struggling to hold onto five-month highs reached in the previous session, as fuel demand worries caused by a second wave of coronavirus infections outweighed declines in the U.S. dollar.
- Gold prices held steady near record highs on Thursday as a weaker U.S. dollar and hopes of more stimulus measures to mitigate the economic fallout from the pandemic underpinned the metal's safe-haven appeal.

International Markets

USD: The dollar struggled to stem its broad decline on Thursday as investors worried the U.S. economic recovery may lag other countries due to a high level of coronavirus infections while the global economy slowly gets back on its feet. Decline in the U.S. currency has gathered pace since late July on rising perception that U.S. economic recovery could be hobbled by the country's poor performance in containing the COVID-19 outbreak.

GBP: GBP/USD extends pullback from 1.3108 towards crossing immediate resistance line. MACD conditions, sustained trading beyond 1.3100 favor the bulls. An ascending trend line from July 28 restricts short-term downside. GBP/USD takes the bids near 1.3135, up 0.21% on a day, during Thursday's Asian session. The Cable recently bounced off 1.3108 to print a two-day winning streak. In doing so, the quote aims to confront an immediate resistance trend line.

EUR: EUR/USD's options market shows strongest bull bias in five months. Investors expect the single currency to extend its recent rally. Sino-US tensions and political deadlock in the US could play spoilsport. The EUR/USD options market data shows investors are anticipating continued rally in the single currency. Risk reversals, a gauge of calls to puts on the common currency, traded at 0.675 with a bias to EUR calls (bullish bets) on Wednesday compared to 0.50 on Tuesday, according to data source Reuters. Wednesday's reading is the highest since March. In other words, the EUR call bias (or bullish view) is now strongest in five months.

INR: USD/INR has carved out a symmetrical triangle pattern. A breakout would expose key resistance above 76.00. USD/INR has charted higher lows and lower highs pattern over the last four weeks. In other words, the currency pair has formed a symmetrical triangle on the daily chart. A breakout would imply a bullish reversal and open the doors for a test of resistance at 76.33 (June 16 high). Alternatively, a triangle breakdown would expose the low of 73.83 reached exactly a month ago.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	107.15	108.35			
GBP/KES	140.45	142.55	GBP/USD	1.3135	1.3100
EUR/KES	127.20	129.10	EUR/USD	1.1895	1.1820
INR/KES		1.4600	AUD/USD	0.7210	0.7195
			USD/INR	74.70	74.75
			Commodities		
			Gold	2051	2031
			Brent Crude	45.51	44.41

T-Bills Rates:

Duration	Current	Previous
91 Days	6.121%	6.112%
182 Days	6.455%	6.440%
364 Days	7.391%	7.370%

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