

## DAILY FX NEWSLETTER

### 04<sup>TH</sup> February 2020

#### **Local Markets:**

The Kenyan shilling strengthened on Monday supported by inflows from remittances and offshore investors interested in buying government bonds.

#### **Top News:**

- Oil prices rose on Tuesday, matching moves in other financial markets as investors regained calm after Monday's sharp sell-off on fears of the impact of the China coronavirus on demand sent crude to its lowest level in more than a year.
- Gold prices eased on Tuesday as the dollar held firm after a key U.S. manufacturing survey showed a surprise rebound, although rising concerns about a widening coronavirus outbreak in China and its economic fallout provided some support to the metal.

#### **International Markets**

**USD:** The dollar held firm on Tuesday after a key U.S. manufacturing survey showed a surprise recovery, while concerns about a widening coronavirus outbreak in China kept the yuan and the Australian dollar subdued. The dollar index rose 0.44% on Monday, the biggest gain so far this year, and last stood at 97.802. It was boosted by a report from the Institute for Supply Management (ISM) reported that U.S. factory activity unexpectedly rebounded in January after contracting for five straight months amid a surge in new orders.

**GBP:** GBP/USD holds onto recovery gains, currently +0.15% to 1.3010, while heading into the London open on Tuesday. The pair recently benefited from the market's risk reset as well as an absence of any negative catalysts concerning the UK. On Tuesday, the pair slumped 1.6% over the uncertainty of Brexit deal talks between the UK and the European Union (EU).

**EUR:** EUR/USD is currently trading below the 100-day moving average at 1.1068, having faced rejection near 1.11 on Tuesday. The American dollar found bids during the North American session after the US ISM Manufacturing Purchasing Managers' Index bettered expectations with a score of 50.9 in January. That was the first above-50 reading in six months

**INR:** The rupee appreciated by 19 paise to 71.19 against the US dollar in opening trade on Tuesday, driven by positive opening in domestic equities. The rupee opened strong at 71.24 at the interbank forex market then gained further ground to touch 71.19 per dollar, displaying gains of 19 paise against the greenback.

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

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	100.20	100.80			
<b>GBP/KES</b>	130.40	131.35	<b>GBP/USD</b>	1.3029	1.3175
<b>EUR/KES</b>	110.75	111.65	<b>EUR/USD</b>	1.1075	1.1094
<b>INR/KES</b>		1.4250	<b>AUD/USD</b>	0.6729	0.6714
			<b>USD/INR</b>	71.05	71.44
			<b>Commodities</b>		
			<b>Gold</b>	1577	1585
			<b>Brent Crude</b>	54.88	56.48

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

Duration	Current	Previous
91 Days	7.296%	7.279%
182 Days	8.229%	8.212%
364 Days	9.879%	9.859%

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