

## DAILY FX NEWSLETTER

06<sup>TH</sup> February 2020

### Local Markets:

The Kenyan shilling strengthened on Wednesday due to inflows from remittances and offshore investors buying government debt exceeding dollar demand from importers.

### Top News:

- Gold prices were little changed on Thursday as strong U.S. economic data was offset by fears over a rapidly spreading coronavirus outbreak and its impact on the global economy.
- Oil futures rose for a second day on Thursday amid investor optimism over unconfirmed reports of possible advances in combating the coronavirus outbreak in China as a sign fuel demand may rebound in the world's biggest oil importer.

### International Markets

**USD:** The U.S. dollar stood tall on Thursday, supported by firm domestic data and hopes the coronavirus' economic impact could be limited, even as the human toll continued to climb. Another 73 people on the Chinese mainland died on Wednesday from the outbreak, the highest daily increase so far, bringing the total death toll to 563.

**GBP:** GBP/USD keeps it rolling below 1.3000, currently -0.06% to 1.2985, while heading into the London open on Thursday. Political pessimism surrounding the UK, Brexit as well as the market's rush towards the greenback keeps the cable under pressure. The French Fishermen send threats to their UK counterparts after British Prime Minister Boris Johnson blocked the deal at the London Fisheries Convention during the early weekdays. This adds to the EU-UK spat where the region isn't ready to accept Britain having an upper hand.

**EUR:** EUR/USD found acceptance below 1.10 on Tuesday - its first daily close below the psychological support since Oct. 10. As a result, the latest decline below 1.10 looks to have legs, more so, as the 14-day relative strength index is reporting bearish conditions with a below-50 print and the 5- and 10-day averages are trending south. The pair looks set to challenge support at 1.0981 (Nov. 29 low). Acceptance under that could cause more sellers to join the market, yielding a deeper drop toward 1.09

**INR:** The rupee on Thursday opened nearly 3 paise down at 71.24 against the US dollar as participants exercised caution ahead of Reserve Bank's monetary policy outcome. Rupee strengthened in the last couple of sessions on the back of reports that the government could consider issuing bonds worth \$5 billion with no limits on foreign investment next year.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	100.15	100.75			
<b>GBP/KES</b>	130.00	130.95	<b>GBP/USD</b>	1.2993	1.3026
<b>EUR/KES</b>	110.05	111.00	<b>EUR/USD</b>	1.1009	1.1049
<b>INR/KES</b>		1.4275	<b>AUD/USD</b>	0.6770	0.6746
			<b>USD/INR</b>	71.11	71.16
			<b>Commodities</b>		
			<b>Gold</b>	1557	1564
			<b>Brent Crude</b>	56.43	54.53

### 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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