

DAILY FX NEWSLETTER

07TH February 2020

Local Markets:

The Kenya shilling held steady on Thursday with inflows from diaspora remittances and non-governmental organizations meeting dollar demand from merchandise importers.

Top News:

- Gold prices edged higher on Friday as fears over a rapidly spreading coronavirus outbreak and its economic impact fueled safe haven buying.
- Oil prices rose on Friday after Russia said it backs a recommendation for the OPEC and its producer allies to deepen output cuts amid contracting demand for crude as China battles the coronavirus epidemic that has hit global markets.

International Markets

USD: The dollar held near a two-week high versus the yen on Friday on upbeat U.S. economic data ahead of a key jobs report, while the yuan eased and financial markets remained on tenterhooks as the death toll from a new coronavirus in China jumped yet again.

GBP: GBP/USD registers mild gains of 0.10%, currently around 1.2940, while heading into the London open on Friday. The pair dropped to the multi-day low on Thursday amid broad US dollar strength but bounced off-late amid risk-reset, Brexit positive headlines. A report by insurance company Atradius stated that the end of the EU transition period at the end of the year is set to have detrimental consequences for EU member states. The report also cited the chances of bankruptcies of Ireland, Belgium and the Netherlands

EUR: The sell-off in EUR/USD seems to have stalled for now and a stronger bounce to 1.10 could be in the offing. On Thursday, the single currency defended support at 1.0964, which is the 76.4% Fibonacci retracement of the rally from 1.0879 to 1.1240. So far, the bounce has struggled to gather upside traction above 1.0980. That, however, could change in the next few hours, as the hourly chart is now reporting a bullish divergence of the relative strength index.

INR: The rupee on Friday opened 7 paise lower at 71.27 against the US dollar amid buying in the greenback by banks and importers. The domestic unit had gained 7 paise on Thursday after the RBI left the policy rate unchanged while maintaining its accommodative stance. Today, dollar-rupee pair is expected to quote in the range of 71.05 and 71.50.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.15	100.75			
GBP/KES	129.55	130.50	GBP/USD	1.2950	1.2993
EUR/KES	109.90	110.85	EUR/USD	1.0992	1.1009
INR/KES		1.4275	AUD/USD	0.6731	0.6770
			USD/INR	71.13	71.11
			Commodities		
			Gold	1569	1557
			Brent Crude	55.16	56.43

T-Bills Rates:

Duration	Current	Previous
91 Days	7.300%	7.296%
182 Days	8.248%	8.229%
364 Days	9.873%	9.879%

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.