

## DAILY FX NEWSLETTER

19<sup>TH</sup> February 2020

### Local Markets:

The Kenyan shilling weakened on Tuesday due to a surge in dollar demand from some multinational companies and merchandise goods importers.

### Top News:

- Gold prices eased on Wednesday after crossing the key \$1,600 level in the previous session, as global shares climbed in cautious trade following a slight dip in new coronavirus cases, while palladium hit a fresh peak on supply issues.
- Oil prices were slightly higher on Wednesday with gains limited by the widening economic impact from the coronavirus epidemic that started in China, although new confirmed cases fell for a second day in the province at the center of the outbreak.

### International Markets

**USD:** The dollar stood tall over the languishing euro and heavily sold exporter currencies on Wednesday, as investors reckoned with a deepening economic fallout from the coronavirus. The new coronavirus has caused 2,004 deaths in China and infected more than 74,000 people, while measures to contain it have paralysed the economy and the supply chains it feeds.

**GBP:** GBP/USD clings to 1.3000 while heading into the London open on Wednesday. The Cable has been in a 10-pip choppy range between 1.2995 and 1.3005 since the start of the Asian session. The reason to blame could be traced from the upcoming UK Consumer Price Index (CPI) data. With the multi-year low British Unemployment rate closing doors for the BOE's rate cut, traders are all eyes on the UK CPI data for January considering the central bank's upward revision to price pressures.

**EUR:** EUR/USD is looking south and investors are adding bets to position for deeper losses in the common currency. Risk reversals on EUR/USD, a gauge of calls to puts on the common currency, plunged to their lowest levels since October on Tuesday, indicating investors are adding bets to position for further weakness in the euro. One-month risk reversals fell to -0.55, the lowest level since Oct. 28. The negative number indicates the demand for put options (bearish bets) is higher than that for calls.

**INR:** The Indian rupee tumbled by 24 paise to settle at 71.56 (provisional) against the US dollar on Tuesday as concerns over the economic fallout from coronavirus outbreak continued to roil forex market sentiment. Besides, sustained foreign fund outflows and subdued equities also put pressure on the rupee. Starting off the session on a weaker note, the rupee weakened further to hit the day's low of 71.56 against the American currency.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	100.85	101.45			
<b>GBP/KES</b>	131.10	132.05	<b>GBP/USD</b>	1.3012	1.3007
<b>EUR/KES</b>	108.80	109.75	<b>EUR/USD</b>	1.0808	1.0842
<b>INR/KES</b>		1.4270	<b>AUD/USD</b>	0.6703	0.6700
			<b>USD/INR</b>	71.66	71.30
			<b>Commodities</b>		
			<b>Gold</b>	1605	1588
			<b>Brent Crude</b>	58.24	57.09

### T-Bills Rates:

Duration	Current	Previous
91 Days	7.314%	7.300%
182 Days	8.258%	8.248%
364 Days	9.850%	9.873%

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