

DAILY FX NEWSLETTER

21ST February 2020

Local Markets:

The Kenyan shilling was under pressure on Thursday due to increased end month dollar demand from some multinational companies and merchandise importers.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.00	101.60			
GBP/KES	130.25	131.20	GBP/USD	1.2908	1.2935
EUR/KES	108.90	109.85	EUR/USD	1.0804	1.0810
INR/KES		1.4280	AUD/USD	0.6610	0.6670
			USD/INR	71.71	71.58
			Commodities		
			Gold	1630	1610
			Brent Crude	58.78	59.30

T-Bills Rates:

Duration	Current	Previous
91 Days	7.319%	7.314%
182 Days	8.258%	8.258%
364 Days	9.799%	9.850%

Top News:

- Gold prices held steady at a near seven-year high on Friday as nervous investors opted for safe haven assets amid fears about the economic damage from China's coronavirus epidemic that eclipsed Beijing's stimulus efforts.
- Oil prices fell on Friday with fears for fuel demand growing as the coronavirus epidemic that originated in China spread further beyond the country, while major crude producers stood pat on taking early action to cut output to support the market.

International Markets

USD: Dollar dominates as investors dump yen, Asian currencies on coronavirus spread, The yen was headed for its worst week in two-and-a-half years on Friday, as worries about the coronavirus' spread in South Korea, Japan and Beijing drove funds from Asia to the towering U.S. dollar. The virus has killed more than 2,200 people in mainland China and efforts to contain it have largely paralysed the world's second biggest economy

GBP: GBP/USD closed below the 100-day moving average (MA) on Thursday, its first daily close below the widely tracked major average support in 4.5 months. So far, however, the violation of the long-term MA support has failed to draw strong offers. The GBP/USD pair is currently trading at 1.2892, representing marginal gains on the day, having hit a three-month low of 1.2849 on Thursday.

EUR: EUR/USD fell to 1.0778 on Thursday to print the lowest level since April 2017 and was last seen trading at 1.0794. If the German PMI betters estimates by a big margin, the EUR may find bids, although the immediate technical bias will remain bearish as long as the pair is holding under the descending 10-day average, currently at 1.0837.

INR: Even though the rupee lost 0.37 per cent against the dollar in 2020, it still ranks among the top five best performing emerging market currencies. The Mexican peso has taken the top slot, gaining 1.2 per cent against the greenback, while the Brazilian real lost more than 8 per cent being the worst performing unit. The rupee's relative outperformance is likely to have given the RBI good opportunity to shore up record dollar reserves especially when Mint Street has been witnessing a bout of overseas inflows since the beginning of the year.

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

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