

DAILY FX NEWSLETTER

25th February 2020

Local Markets:

The Kenyan shilling was firm on Monday mainly due to stable demand for dollars by importers.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.85	101.45			
GBP/KES	130.40	131.35	GBP/USD	1.2945	1.2951
EUR/KES	109.35	110.30	EUR/USD	1.0865	1.0831
INR/KES		1.4250	AUD/USD	0.6620	0.6611
			USD/INR	71.78	71.70
			Commodities		
			Gold	1655	1663
			Brent Crude	55.93	56.55

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:

- Oil rose on Tuesday as investors snapped up bargains after crude benchmarks dropped almost 4% in the previous session, but fears that the spreading coronavirus could wreak far greater economic damage than initially thought capped gains.
- The dollar checked its march higher on Tuesday, as investors sharply raised bets that the growing fallout from the coronavirus outbreak would prompt U.S. interest rate cuts.

International Markets

USD: The dollar checked its march higher on Tuesday, as investors sharply raised bets that the growing fallout from the coronavirus outbreak would prompt U.S. interest rate cuts. World markets are in a tailspin as infections spread quickly beyond China. The World Health Organization has said it is not a pandemic yet, but the potential exists. Futures for the Federal Reserve funds rate have surged to now price in a rate cut by June and more than 50 basis points of reductions by year end - pause for thought in the recent rush to buy dollars.

GBP: GBP/USD manages to recover 0.10% to 1.2940 while heading into the London open on Tuesday. While the coronavirus (COVID-19) headlines could be considered as backing the latest pullback, traders await the EU's mandate for post-Brexit trade talks, up for signing by 27 members during today, for fresh impulse. As per the BBC, all the 27 members of the European Union (EU) are set to agree on the bloc's mandate for the key trade talks with the UK.

EUR: EUR/USD clings to the recent recovery gains above 1.0850, as we progress towards the European opening bells, with the dollar bulls on the back seat after a wild ride seen on Monday. Despite the upside attempts seen in the shared currency, EUR/USD's corrective advances from a 34-month low of 1.0777 are likely to remain limited as markets believe that the coronavirus outbreak in Italy is likely to throw Eurozone's third-largest economy back into recession.

INR: USD/INR pulls back from early-January high to 71.84, -0.29%, as the Indian markets open for Tuesday's trading. The pair recently declined amid risk reset as odds increased that a cure to China's coronavirus is available. Also contributing to the pair's weakness are the latest numbers from mainland China and Hubei.

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