

DAILY FX NEWSLETTER

26th February 2020

Local Markets:

The Kenyan shilling was stable on Tuesday and traders said it was likely to stay in a tight range due to limited demand for dollars.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.80	101.40			
GBP/KES	130.95	131.90	GBP/USD	1.3005	1.2945
EUR/KES	109.50	110.45	EUR/USD	1.0885	1.0865
INR/KES		1.4260	AUD/USD	0.6605	0.6620
			USD/INR	71.66	71.78
			Commodities		
			Gold	1646	1655
			Brent Crude	54.52	55.93

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:

- Crude prices edged up on Wednesday as investors covered short positions after three sessions of losses, even as fears deepened that the rapid spread of the coronavirus will lead to a global pandemic.
- Gold edged higher on Wednesday after a sharp drop in the previous session, as investors sought safe haven assets following a warning from the United States over the potential domestic spread of the coronavirus.

International Markets

USD: The dollar nursed losses on Wednesday as rising expectations of a U.S. rate cut and warnings from U.S. health officials about the spread of the coronavirus called into question the perceived strength of U.S. financial assets. The dollar's index against a basket of six major currencies stood at 99.081, little changed on the day but down 0.9% from a near three-year high of 99.915 hit last week.

GBP: GBP/USD declines to 1.2987 while heading into the London open on Wednesday. In doing so, the clouds over Brexit and coronavirus are keeping the cable under pressure. Following the European Union's (EU) 46-page mandate of post-Brexit trade talks with the UK, the British ministers are also ready to flaunt their moves on the key demand that will be put forward the next week. However, the final wording from Britain will be out on Thursday.

EUR: EUR/USD's volatility gauge hits the highest level since October. Demand for put options or bearish bets has weakened sharply in the last seven days. Focus today is on the action in the US treasury yields. Options market data shows the low volatility environment in EUR/USD has ended and the demand for put options (bearish bets) has weakened sharply in the last five days. One-month ATM volatility, which measures the calculated or implied mid-rate volatility for an at-the-money (ATM) option, has jumped to 5.625, the highest level since Oct. 3

INR: USD/INR stays on the back foot while losing 0.13% to 71.76 as the Indian session begins for Wednesday's trading. The pair took a U-turn from an early-January high on Monday. The same portrays the quote's pullback moves from a short-term rising channel formation. That said, the USD/INR prices are now declining towards 71.60. However, a confluence of 50/100-day SMAs and support line of the aforementioned channel, around 71.40/35, will tame the bears afterward.

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