

## DAILY FX NEWSLETTER

28<sup>th</sup> February 2020

### Local Markets:

The Kenyan shilling edged up on Thursday as demand for dollars from importers remained subdued.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	100.70	101.30			
<b>GBP/KES</b>	129.70	130.65	<b>GBP/USD</b>	1.2895	1.2945
<b>EUR/KES</b>	110.70	111.65	<b>EUR/USD</b>	1.1010	1.0924
<b>INR/KES</b>		1.4210	<b>AUD/USD</b>	0.6530	0.6567
			<b>USD/INR</b>	71.84	71.53
			<b>Commodities</b>		
			<b>Gold</b>	1641	1652
			<b>Brent Crude</b>	50.23	52.11

### T-Bills Rates:

Duration	Current	Previous
91 Days	7.315%	7.319%
182 Days	8.235%	8.258%
364 Days	9.500%	9.799%

### Top News:

- Gold prices inched higher on Friday as worries intensified that the rapidly spreading coronavirus could turn into a pandemic and derail global economic growth.
- Oil prices fell for a sixth straight session on Friday and were on track for about a 12% weekly fall, the biggest in more than four years, as the spread of the coronavirus outside China raised fears of slowing global demand.

### International Markets

**USD:** The dollar nursed losses on Friday after its worst day against the euro in nearly two years, as the global spread of the coronavirus fired up expectations for a U.S. rate cut and pushed the hunt for yield elsewhere. The worsening outbreak now has money markets all but certain the Federal Reserve will lower its benchmark lending rate next month, which was priced as just a 9% chance only a week ago.

**GBP:** GBP/USD stays mildly negative, -0.05%, to 1.2885 while heading into the London open on Friday. The Cable managed to ignore the widespread US dollar weakness the previous day as the UK PM Boris Johnson's team put forward agendas of their post-Brexit trade-deal negotiations with the EU. While the next week's Brexit talks are the key to the markets, coronavirus-led risk-off has been roiling the trades off-late.

**EUR:** EUR/USD may trade better bid on dovish Fed expectations. Markets have priced in March Fed rate cut. Investors expect the Fed to cut rates three times this year. German jobs and inflation data and the US Personal Spending number could influence the pair. With dovish Federal Reserve (Fed) expectations growing, the path of least resistance for EUR/USD appears to be on the higher side. At press time, investors think there is a 99% chance the Fed will cut interest rates by 25 basis points in March, according to CME's FedWatch tool.

**INR:** USD/INR rises to 71.88, +0.21% during the initial few minutes of the Indian session on Friday. With that, the pair snaps the previous three-day losing streak despite following a bearish candlestick formation on the daily (D1) chart. Even so, 23.6% Fibonacci retracement of the pair's run-up between December 11, 2019, and January 08, 2020, at 72.03, acts as the immediate upside barrier holding the key to the monthly top surrounding 72.38.

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