

# DAILY FX NEWSLETTER

**02nd March 2020**

***KES 1***

***Local Markets:***

The Kenyan shilling was stable on Friday supported by inflows from diaspora remittances and offshore investors buying government debt amid waning end month dollar demand.

***Top News:***

* Oil prices pared losses after earlier hitting multi-year lows on Monday as hopes that a bigger than expected production cut from OPEC and stimulus from central banks could offset economic gloom from the coronavirus outbreak.
* Gold rose more than 1% on Monday, recouping losses from a steep slide in the previous session, amid the fast-spreading coronavirus and hopes for a rate cut by the U.S. Fed.

***International Markets***

**USD:** The yen and the euro were on the front foot against the dollar on Monday as traders raised their bets of an interest rate cut by the U.S. Federal Reserve this month to shield the economy from the rapid spread of the coronavirus. As U.S. shares were routed in recent days, Federal Reserve Chair Jerome Powell said on Friday the central bank will “act as appropriate” to support the economy in the face of risks posed by the coronavirus epidemic.

**GBP:** GBP/USD recovers 0.06% to 1.2830 from the mid-October 2016 lows, flashed on Friday, while heading into the London open on Monday. While risk reset seems to have been behind the latest pullback, the Cable traders will closely observe the official Brexit trade deal negotiations, starting from today, as well as official PMIs from the UK and the US for near-term directions.

**EUR:** EUR/USD could be offered amid risk recovery in the financial markets. Speculation about coordinated easing by the major central banks has put a bid under the risk assets. Euro drew haven bids during last week's sell-off. EUR/USD may come under pressure as the risk sentiment is looking to stabilize on speculation about coordinated policy action by major central banks. EUR/USD is currently trading at 1.1049, having hit a high of 1.1074 in Asia.

**INR:** USD/INR registers 0.05% gains to 72.28 amid the initial minutes of the Indian markets open on Monday. Even if the broad risk reset seems to have pulled the pair back from the multi-month top, prices remain positive as the coronavirus fears are yet to recede. The global death toll due to the deadly virus crossed 3,000 by the end of Sunday. That said, traders paid more attention to the two deaths that took place in the US due to the contagion. Also increasing the fears were numbers from South Korea and warnings uttered through global policymakers, including the Fed Chair, BOJ Governor, etc.

***Indicative FX rates as at 8.30am:***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Currency*** | ***Buying*** | ***Selling*** | ***Currency*** | ***Today*** | ***Previous*** |
| ***USD/KES*** | 100.90 | 101.50 |  |  |  |
| ***GBP/KES*** | 129.45 | 130.40 | ***GBP/USD*** | 1.2842 | 1.2895 |
| ***EUR/KES*** | 111.40 | 112.35 | ***EUR/USD*** | 1.1058 | 1.1010 |
| ***INR/KES*** |  | 1.4170 | ***AUD/USD*** | 0.6530 | 0.6530 |
|  |  |  | ***USD/INR*** | 72.22 | 71.84 |
|  |  |  | ***Commodities*** |  |  |
|  |  |  | ***Gold*** | 1604 | 1641 |
|  |  |  | ***Brent Crude*** | 51.25 | 50.23 |

***T-Bills Rates:***

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

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