

DAILY FX NEWSLETTER

03rd March 2020

Local Markets:

The Kenyan shilling was stable on Monday as hard currency inflows from non-governmental organizations and offshore investors buying government debt helped provide support.

Top News:

- Gold prices rose for a second straight session on Tuesday, as expectations grew for monetary policy easing by major central banks to cushion the economic fallout from the fast-spreading coronavirus outbreak.
- Oil prices rose for a second day on Tuesday on expectations that central banks are likely to enact financial stimulus to offset the impacts of the coronavirus outbreak and growing optimism that OPEC will order deeper output cuts this week.

International Markets

USD: The U.S. dollar slipped to a fresh one-month low against a basket of currencies on Monday, as investors bet on the U.S. Federal Reserve easing policy in a bid to counter the negative impact from the spread of the new coronavirus. The dollar index, which measures the greenback's strength against a basket of six other major currencies, was 0.7% lower at 97.45; after slipping to a 1-month low of 97.28.

GBP: GBP/USD bounces off five-month low amid broad US dollar weakness. The EU-UK post-Brexit trade negotiations will proceed to the key parts. G7 conference call to deliver measures to tame COVID-19 side effects. The UK Treasury committee to question BOE's Carney and the next leader Andrew Bailey. With the key catalysts on the cards for the GBP/USD traders, the Cable snaps the previous four-day losing streak while rising to 1.2782, up 0.15%, ahead of the London open on Tuesday.

EUR: Euro's upward momentum has weakened on dovish ECB expectations. Markets think the central bank would cut rates by 10 basis points next week. A below-forecast Eurozone inflation would bolster the rate cut expectations, sending the EUR lower. The upside in EUR/USD looks to have stalled with markets pricing higher odds of a European Central Bank (ECB) rate cut next week.

INR: USD/INR will trade around 72.50 during the first quarter, in the 70.00-76.00 range and reach 73.00 during the third quarter. For the first two and a half weeks of February the Indian rupee was relatively immune to risk aversion driven by COVID-19, helped in part by portfolio inflows into both equities and bonds. Demand for Indian assets rose as the government moved to abolish the distribution tax on dividends, and on the back of two ECB-style long-term refinancing operations (LTRO) conducted by the RBI on 17th and 24th February.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.50	102.30			
GBP/KES	129.80	130.95	GBP/USD	1.2795	1.2842
EUR/KES	113.05	114.25	EUR/USD	1.1157	1.1058
INR/KES		1.4205	AUD/USD	0.6563	0.6530
			USD/INR	72.58	72.22
			Commodities		
			Gold	1598	1604
			Brent Crude	52.81	51.25

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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