

DAILY FX NEWSLETTER

04TH March 2020

Local Markets:

The Kenyan shilling weekend to its lowest level in three months on Tuesday after the central bank said it will buy \$100 million from commercial banks every month between March and June to boost its reserves.

Top News:

- Gold prices rose on Wednesday, extending gains from a 3% rise in the previous session as the U.S. Federal Reserve slashed its benchmark interest rate to cushion the economic impact from the fast-spreading coronavirus.
- Oil prices rose more than 1% on Wednesday on expectations that major producers have moved closer to an agreement to enact deeper output cuts aimed at offsetting the slump in demand caused by the coronavirus outbreak.

International Markets

USD: The dollar hovered near five-month lows versus the yen on Wednesday after the U.S. Federal Reserve's emergency 50 basis point rate cut sparked more anxiety about the impact of the coronavirus and sent Treasury yields tumbling to record lows. The greenback also traded near the lowest in almost two years against the Swiss franc as investors flocked to traditional safe havens as rate cuts were deemed insufficient to offset risks posed by the global spread of the coronavirus.

GBP: GBP/USD seesaws around 1.2812, up 0.03%, while heading into the London open on Wednesday. The Cable recently benefited from the broad US dollar weakness after the Fed's shock 0.50% rate cut whereas upbeat comments from the BOE policymakers also played their part. Though, traders seek more clues from the economic calendar, coronavirus (COVID-19) headlines for fresh impulse.

EUR: EUR/USD has pulled back from two-month highs, possibly tracking the recovery in the US treasury yields. The pair is currently trading at 1.1160, having hit high of 1.1214 on Tuesday. That was the highest level since Jan. 2. Meanwhile, the 10-year US treasury note is trading at 0.986%, representing a seven-basis point gain from the record low of 0.916% reached Tuesday.

INR: The rupee on Wednesday opened 22 paise higher at 73.08 against the US dollar due to weakening of the greenback vis-a-vis major global currencies. The local currency on Tuesday fell to the lowest level since December 2018 on reports that the number of reported coronavirus cases in India could increase and could weigh on the overall market sentiment. Accelerated sell-off in the currency was also on the back of selling by FIIs in the equity and debt segment in the last few sessions.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.00	102.90			
GBP/KES	113.65	114.80	GBP/USD	1.2827	1.2795
EUR/KES	130.70	131.90	EUR/USD	1.1161	1.1157
INR/KES		1.4115	AUD/USD	0.6610	0.6563
			USD/INR	73.42	72.58
			Commodities		
			Gold	1645	1598
			Brent Crude	52.59	52.81

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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