

## DAILY FX NEWSLETTER

### 05<sup>TH</sup> March 2020

#### **Local Markets:**

The Kenyan shilling sank to a fresh three months low on Wednesday, a day after the central bank said it will buy \$100 million a month for four months to boost its reserves.

#### **Top News:**

- Oil prices rose more than 1% on Thursday ahead of an OPEC meeting in which Saudi Arabia is expected to push the group and its allies including Russia to agree to further output cuts to support the market.
- Gold edged up on Thursday on safe-haven buying fueled by worries about the fast-spreading coronavirus, but a rise in equity markets limited bullion's gains.

#### **International Markets**

**USD:** The dollar found its footing on Thursday as upbeat jobs data helped it recoup a little of its slide against the euro and it steadied on the yen after the U.S. Federal Reserve's surprise rate cut. The safe-haven yen also handed back a fraction of recent gains, as the resurgence of moderate Joe Biden in the Democratic Party primaries lifted investors' risk appetite. A dollar last bought 107.61 yen. An emergency 50 basis point interest rate cut by the Fed on Tuesday had sent the dollar to a five-month low of 106.84 yen.

**GBP:** GBP/USD remains positive for the third day in a row. The EU-UK Brexit negotiations take heats from fisheries as the UK warns to deploy Navy in British waters on no-deal after June. BOE's incoming Governor Bailey raised doubts on further rate cuts, Carney showed readiness to avail all options earlier. Speech from BOE Governor Carney, Brexit/Coronavirus headlines will be the key. While following its three-day winning streak, GBP/USD registers 0.04% gains to 1.2875 ahead of the London open on Thursday.

**EUR:** EUR/USD posted losses on Wednesday amid risk-on action in the US equities. Asian equities are pointing to sustained risk reset. The focus would shift to the US labor market data during the North American trading hours. EUR/USD fell by 0.32% on Wednesday, ending the four-day winning streak and could suffer losses for the second day if the risk recovery in the financial markets gathers steam.

**INR:** The rupee on Thursday opened 20 paise down at 73.42 against the US dollar as increasing number of coronavirus cases in the country kept market participants on edge. The number of coronavirus cases in India increased to 29, including 16 Italians touring through Rajasthan, the government said on Wednesday, adding all international passengers will now be screened at airports, amid growing concern over the spread of the respiratory infection.

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

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	102.50	103.30			
<b>GBP/KES</b>	132.00	133.15	<b>GBP/USD</b>	1.2887	1.2827
<b>EUR/KES</b>	114.05	115.25	<b>EUR/USD</b>	1.1147	1.1161
<b>INR/KES</b>		1.4235	<b>AUD/USD</b>	0.6637	0.6610
			<b>USD/INR</b>	73.15	73.42
			<b>Commodities</b>		
			<b>Gold</b>	1639	1645
			<b>Brent Crude</b>	51.91	52.59

#### **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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