

DAILY FX NEWSLETTER

06TH March 2020

Local Markets:

The Kenyan shilling slid further against the dollar on Thursday due to banks shoring up foreign reserves after the central bank announced a dollar purchase plan.

Top News:

- Oil slid on Friday as worries about demand for fuel being sapped by the global coronavirus outbreak were heightened by concern over non-OPEC crude producers not yet having agreed to cut output further to support prices.
- Gold prices held steady on Friday but were on track to post their biggest weekly gain since February 2016 over fears that the global coronavirus outbreak could deal a hard blow to the world economy.

International Markets

USD: The dollar nursed savage losses against the yen and euro on Friday as a plunge in U.S. yields to record lows wiped out the currency's single greatest attraction for investors — higher interest rates. Mounting fears over the fallout from the coronavirus has driven a truly tectonic shift in expectations for U.S. rates as markets wager the Federal Reserve will have to cut rates by 50 basis points for a second time this month.

GBP: GBP/USD is stuck at key falling trendline resistance at 1.2965. Dovish BOE expectations could keep gains in GBP under the check. GBP/USD is struggling to clear resistance of the trendline falling from December and January highs on Friday despite the slide in the US treasury yields. The currency pair is currently trading near 1.2955, having failed to take out the trendline hurdle at 1.2965 during the Asian trading hours.

EUR: EUR/USD hit seven-month highs in Asia as stocks tanked on virus fears. Euro has become a haven currency due to ECB's negative rates and Eurozone's current account surplus. The buying interest around the single currency remains strong on Friday with investors selling risk in favor of safe havens on reports stating the coronavirus is looking like a global pandemic. EUR/USD is currently trading near 1.1234, having hit a seven-month high of 1.1249.

INR: Rupee on Friday declined 77 paise to 74.09 against the US dollar on rising concerns over the financial damage from the novel coronavirus outbreak amid subdued global markets. The domestic unit hit its lowest level since October 2018. Meanwhile, the benchmark 10-year bond yield fell to its lowest of 6.20 per cent since December 7, 2016. "Asian markets fell for yet another session as disruptions to global business from the coronavirus beyond China worsened, stoking fears of a prolonged world economic slowdown.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.10	102.90			
GBP/KES	132.30	133.45	GBP/USD	1.2965	1.2887
EUR/KES	114.65	115.80	EUR/USD	1.1246	1.1147
INR/KES		1.4085	AUD/USD	0.6610	0.6637
			USD/INR	73.64	73.15
			Commodities		
			Gold	1678	1639
			Brent Crude	49.30	51.91

T-Bills Rates:

Duration	Current	Previous
91 Days	7.31%	7.315%
182 Days	8.186%	8.235%
364 Days	9.312%	9.500%

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