

DAILY FX NEWSLETTER 09TH March 2020

Local Markets:

The Kenyan shilling was stable on Friday as the market took a breather following three days of intense activity sparked by a central bank plan to buy dollars from banks.

Top News:

- Gold prices rose above the \$1,700 per ounce level on Monday for the first time in more than seven years, after a stock market rout due to concerns over a widening coronavirus outbreak and its economic impact drove investors towards safe-haven assets.
- Oil prices plunged more than 30% after OPEC's failure to strike a deal with its allies regarding production cuts caused Saudi Arabia to slash its prices as it reportedly gets set to ramp up production, leading to fears of an all-out price war.

International Markets

USD: The U.S. dollar fell across the board on Friday, on pace for its worst weekly loss in four years, as a sharp drop in U.S. government bond yields hurt the greenback's appeal. The dollar index, which measures the greenback's strength against a basket of six other major currencies, was about 0.8% lower at 95.883, its lowest in about a year. For the week, the index was down 2.4%, its worst weekly performance since early February 2016. The Japanese yen surged against the U.S. dollar on Monday in Asia as stock markets were in a sea of red amid plunging oil prices.

GBP: GBP/USD remains mildly positive following the latest pullback. Coronavirus cases in the UK rise by 30%. The first post-Brexit budget will also be important to determine near-term trade headlines. Although coronavirus cases are on a spree in the UK, the GBP/USD pair benefits from the broad US dollar weakness while marking 0.32% gains to 1.3075 during the pre-London session on Monday. The pair earlier surged to the highest since the January-end while the latest pullback seems to fail in disappointing the bulls.

EUR: EUR/USD hits multi-month highs as risk-off puts a haven bid under the common currency. Oil prices crashed in Asia on fears of an all-out Saudi-Russia oil price war. The entire US treasury yield curve now offers less than 1% yield. EUR/USD jumped to 14-month highs in Asia as heightened risk aversion strengthened the demand for treasuries and pushed the entire yield curve below 1%.

INR: The rupee on Monday opened 26 paise down at 74.06 against the US dollar as coronavirus cases reported outside China continued to increase sharply. Today, most Asian equity indices are weighed down as investors fled to bonds to hedge the economic shock of the coronavirus, and oil plunged more than 20 per cent after Saudi Arabia slashed its official selling price.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.60	103.40			
GBP/KES	133.95	135.05	GBP/USD	1.3062	1.2965
EUR/KES	116.85	118.00	EUR/USD	1.1405	1.1246
INR/KES		1.4095	AUD/USD	0.6547	0.6610
			USD/INR	73.95	73.64
			Commodities		
			Gold	1661	1678
			Brent Crude	32.77	49.30

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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