

DAILY FX NEWSLETTER

13TH March 2020

Local Markets:

The Kenya shilling was unchanged on Thursday against the dollar supported by inflows from non-governmental organizations and offshore investors buying government debt.

Top News:

- Oil prices fell on Friday for a third day, with Brent crude set for its biggest weekly drop since 1991 and U.S. crude heading for the worst week since 2008 as panic about plunging demand from the coronavirus outbreak grips the market.
- Gold prices fell further on Friday and were on track to post their biggest weekly drop in nearly seven years, as a rout in global equities forced investors to cover margin calls.

International Markets

USD: The dollar stood tall on Friday as investors scrambled for the world's most liquid currency amid deepening panic about the coronavirus while the euro nursed losses after the European Central Bank disappointed by not cutting rates. The greenback held gains against most currencies after a blowout in swap spreads showed investors are facing a shortage of dollars as equity markets plunged on fears about the economic impact of the flu-like virus.

GBP: GBP/USD remains on the back foot for the fourth day in a row. Coronavirus carnage continues, leads to cancellation of the next week's EU-UK talks. UK PM Johnson mark the pandemic as the "worst for a generation." BOE minutes might offer intermediate clues, virus headlines can dominate. Amid the broad risk aversion, due to the coronavirus (COVID-19) woes, GBP/USD marks mild losses of 0.7% to 1.2560 while heading into the London open on Friday. In doing so, the Cable nears the lowest level in five months as Brexit pessimism adds to the UK's worries.

EUR: EUR/USD is better bid above 1.12 amid fears of a global recession. JP Morgan expects the US economy to enter a recession this year. The single currency could continue to draw haven bids. Fed's liquidity injection could relieve the stress seen in the credit markets on Thursday. EUR/USD has moved back above 1.12 ahead of the London open and could continue to draw haven bids amid heightened fears of a global recession.

INR: The rupee on Friday hit a fresh record low of 74.48 against the US dollar following sharp sell-off in domestic equities and strength in the greenback against its major crosses. The local currency, however, opened 17 paise down at 74.39 against the previous close of 74.22 against the dollar. In order to curb further weakness for the rupee, RBI on Thursday announced that it will undertake a six-month sell/buy swap to provide liquidity to the foreign market.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.95	102.75			
GBP/KES	127.85	129.00	GBP/USD	1.2553	1.2850
EUR/KES	114.15	115.35	EUR/USD	1.1216	1.1345
INR/KES		1.4010	AUD/USD	0.6319	0.6490
			USD/INR	73.92	73.80
			Commodities		
			Gold	1587	1635
			Brent Crude	33.87	34.00

T-Bills Rates:

Duration	Current	Previous
91 Days	7.313%	7.310%
182 Days	8.104%	8.186%
364 Days	9.100%	9.312%

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