

## DAILY FX NEWSLETTER

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

#### **Local Markets:**

The Kenyan shilling weakened on Monday as market participants worried about the impact of the spreading new coronavirus on the economy.

#### **Top News:**

- Gold prices fell nearly 1.5% on Tuesday, extending losses from the previous session's meltdown, as investors continued to sell assets to keep their money in cash because of heightened concerns over the economic toll of the coronavirus outbreak.
- Oil rose more than \$1 on Tuesday as bargain hunters emerged after recent sharp falls due to the coronavirus pandemic and the price war between Saudi Arabia and Russia, but fears of a recession still dragged on the market.

#### **International Markets**

**USD:** The U.S. dollar was hit hard Monday by aggressive moves from the Federal Reserve overnight to try and buttress the U.S. economy, as the coronavirus disrupts global activity ever more deeply. The global spread of coronavirus has roiled markets in recent weeks, causing volatility to spike and spurring a flight to haven assets. The U.S. dollar has been one of the main beneficiaries of this move, helped by relatively high interest rates and a growing economy.

**GBP:** GBP/USD bears catch a breath near the lowest levels since October 2019. BCC anticipates the slowest UK GDP growth since GFC. Chancellor Rishi Sunak to join PM Johnson in today's coronavirus conference, expected to unveil a "significant financial package". UK/US data could also offer intermediate moves. Following its drop to the lowest in five months, GBP/USD struggles for direction while taking rounds to 1.2255, down 0.15%, before the London open on Tuesday.

**EUR:** EUR/USD ended a four-day losing run on Monday and traded just below 1.12 during the Asian trading hours. Fed's easing likely drew bids for EUR/USD on Monday. EUR/USD jumped 0.69% on Monday, marking an end of a four-day losing run which saw the spot fall from 1.1458 to 1.1055. The Federal Reserve (Fed) delivered an emergence rate cut of 100 basis points and announced a quantitative easing in the form of at least \$700 billion of asset purchases.

**INR:** USD/INR drops back to re-test 10-day SMA, while flashing 74.04 as a quote, down 0.34%, ahead of the European session on Tuesday. Despite flashing the record high of 75.65 on Friday, the pair failed to extend the run-up while remaining below 23.6% Fibonacci retracement of its run-up from January low to the latest high.

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

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	102.95	103.75			
<b>GBP/KES</b>	126.00	127.15	<b>GBP/USD</b>	1.2251	1.2345
<b>EUR/KES</b>	114.75	115.85	<b>EUR/USD</b>	1.1162	1.1130
<b>INR/KES</b>		1.4160	<b>AUD/USD</b>	0.6104	0.6172
			<b>USD/INR</b>	73.85	74.04
			<b>Commodities</b>		
			<b>Gold</b>	1497	1540
			<b>Brent Crude</b>	30.60	32.58

#### **T-Bills Rates:**

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

**For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2**

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