

DAILY FX NEWSLETTER

19TH March 2020

Local Markets:

The Kenyan shilling weakened on Wednesday as uncertainty over the potential economic fallout from the coronavirus pandemic continued to gnaw on the market's nerves.

Top News:

- Oil prices surged as much as nearly 20% on Thursday, bouncing back from days of heavy losses in a relief rally that may yet be short-lived, analysts warned, but which was stoked by economic stimulus efforts to ward off a global coronavirus recession.
- Gold prices rose on Thursday after a steep fall in the previous session, as the European Central Bank's measures to mitigate the economic effects of the coronavirus epidemic lifted investor sentiment.

International Markets

USD: The dollar resumed its relentless climb against major currencies on Thursday as wild financial market volatility and worries over tightening liquidity triggered by the coronavirus pandemic sparked an investor flight into cash. Investors are selling what they can to keep their money in dollars due to the unprecedented amount of uncertainty caused by the virus epidemic, which threatens to paralyze large swaths of the global economy.

GBP: GBP/USD bears catch a breath following the heavy fall on Wednesday. Fears of the widespread virus outbreak, insufficient measures by the UK government, BOE weigh on the Cable. The US dollar continues to draw strength from its reserve currency status amid risk-off. A \$1.3 trillion dollar stimulus package from the US is expected to be rolled out. Following the show of bears, with more than 500 pips of declines, the GBP/USD pair registers 1.0% losses to 1.1480 while heading into the London open on Thursday.

EUR: EUR/USD reversed lower from 1.0980 during the Asian trading hours and is now trading in the red near 1.09. The bounce from Wednesday's low of 1.0818 ran out of steam, as the haven bid around the dollar strengthened, yielding big gains for the greenback against majors including anti-risk currencies like yen. Commodity dollars, in particular, took a beating with AUD/USD falling by nearly 300 pips to hit the lowest level since 2002.

INR: USD/INR slips from the record high, stays inside rising channel. Bullish MACD, nearly normal RSI conditions favor the buyers. Sellers can aim for December 2018 top during the channel's downside break. Following its uptick to the record high of 75.76, USD/INR takes rounds to 75.25, up 0.45%, during the initial minutes of the Indian session on Thursday.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 103.85 | 104.65 | | | |
| GBP/KES | 119.45 | 120.65 | GBP/USD | 1.1519 | 1.2116 |
| EUR/KES | 113.15 | 114.30 | EUR/USD | 1.0916 | 1.1052 |
| INR/KES | | 1.4090 | AUD/USD | 0.5620 | 0.6026 |
| | | | USD/INR | 74.86 | 74.06 |
| | | | Commodities | | |
| | | | Gold | 14732 | 1525 |
| | | | Brent Crude | 25.67 | 28.78 |

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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