

DAILY FX NEWSLETTER

17th APRIL 2020

Local Markets:

The Kenyan shilling is seen coming under pressure in the coming week due to the coronavirus-related slowdown, with foreign currency inflows from diaspora remittances slowing and fewer offshore investors to meet dollar demand.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	105.90	107.35			
GBP/KES	132.70	134.20	GBP/USD	1.2505	1.2498
EUR/KES	115.30	116.80	EUR/USD	1.0880	1.0895
INR/KES		1.4180	AUD/USD	0.6373	0.6294
			USD/INR	76.36	76.61
			Commodities		
			Gold	1711	1745
			Brent Crude	28.43	27.88

T-Bills Rates:

Duration	Current	Previous
91 Days	7.201%	7.209%
182 Days	8.089%	8.106%
364 Days	9.091%	9.040%

Top News:

- Oil prices were mixed on Friday after the weakest Chinese economic data in decades showed the impact of the coronavirus pandemic, offsetting some earlier gains on optimism for President Donald Trump's early plans to revive the U.S. economy.
- Gold prices fell on Friday as optimism over initial plans to reopen the U.S. economy lifted risk appetite, but heightened worries over the worst recession in decades kept bullion on track for its second straight weekly rise.

USD: The dollar fell on Friday as a new news report on signs of success in a COVID-19 treatment drug trial as well as early plans to re-open the U.S. economy drove fresh optimism and risk appetite. Even the first drop in Chinese economic growth since quarterly records began in 1992 did not dent the mood as investors sought silver linings in signs of a rebound in industrial production. The dollar has closely tracked risk sentiment through the coronavirus crisis and remains at elevated levels as the safety of cash in the world's reserve currency stays in demand.

GBP: GBP/USD defies the previous two-day losing streak, despite the latest pullback. The US dollar trims earlier gains amid the recovery in risk sentiment. The UK extends lockdown by at least three weeks, no longer business as usual with China. GBP/USD slips below 1.2500 while heading into the London open on Friday. Even so, the pair registers 0.30% gains on a day to defy the previous two-day declines. The reason could be traced from the broad US dollar weakness amid risk recovery.

EUR: EUR/USD has erased a major portion of losses seen on Thursday. Dollar is being offered on promising signs for coronavirus treatment. Light data docket leaves the pair at the mercy of the broader market sentiment. EUR/USD is reversing Thursday's losses as the greenback is on the offer amid risk-on triggered by renewed hopes for coronavirus treatment.

INR: USD/INR remains on the back foot after the RBI Governor dims prospects of another rate cut. Trade sentiment remains positive following the promising results of Gilead's Remdesivir trials. Downbeat Chinese GDP fails to dim optimism in Asia. USD/INR stretches the pullback from the record top while declining to 76.56 after the RBI Governor skipped another rate cut in his impromptu press appearance on early Friday.

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.