

## DAILY FX NEWSLETTER 10<sup>TH</sup> JANUARY 2020

### **Local Markets:**

The Kenyan shilling held steady on Thursday with inflows from remittances offering support against dollar demand from merchandise importers and the manufacturing sector.

### **Top News:**

- Oil prices dropped on Friday extending days of losses as the threat of war in the Middle East, a major oil producing region, receded and investors switched their attention to economic growth prospects and demand for crude.
- Gold prices edged lower on Friday, having declined as much as 1% in the previous session, as de-escalation in U.S.-Iran tensions brought relief to markets and boosted investors' appetite for riskier assets.

### **International Markets**

**USD:** The dollar looked set to post its best week in two months on Friday, buoyed by easing Middle East tensions and upbeat U.S. economic data. The prospect of war in the Middle East ebbed on Wednesday as the United States and Iran backed away from further confrontation following a U.S. drone strike that killed a top Iranian military commander, and an Iranian attack on U.S. forces in Iraq in response.

**GBP:** GBP/USD recovers the latest losses while taking the bids to 1.3080 ahead of the London open on Friday. The pair dropped the previous day after the BOE Governor Mark Carney's dovish appearance. The latest headlines concerning Brexit, domestic catalysts seem positive. Traders will keep eyes on political news for immediate direction ahead of the US employment data.

**EUR:** The EUR/USD market appears to have turned indecisive ahead of the US Nonfarm Payrolls report for December. The currency pair charted a Doji candle Thursday, as it witnessed two-way business and ended on a flat note. The Doji candle represents a lack of clear directional bias or indecision in the market place. A bearish close could be seen if the US Nonfarm Payrolls disappoint expectations.

**INR:** The Indian rupee (INR) will extend its two-year losing run this year, courtesy of ongoing economic slump and bets for a stronger dollar, a Reuters poll of over 50 strategists conducted from Jan 3-9 shows. The rupee fell by 8.94% and 2.4% in 2018 and 2019, respectively and is currently trading at 71.23 per US dollar.

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

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	101.35	101.95			
<b>GBP/KES</b>	132.55	133.50	<b>GBP/USD</b>	1.3092	1.3128
<b>EUR/KES</b>	112.50	113.45	<b>EUR/USD</b>	1.1120	1.1129
<b>INR/KES</b>		1.4455	<b>AUD/USD</b>	0.6891	0.6889
			<b>USD/INR</b>	70.98	71.31
			<b>Commodities</b>		
			<b>Gold</b>	1548	1556
			<b>Brent Crude</b>	65.25	65.81

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

Duration	Current	Previous
91 Days	7.200%	7.200%
182 Days	8.142%	8.147%
364 Days	9.833%	9.828%

**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.**