

## DAILY FX NEWSLETTER 14<sup>TH</sup> JANUARY 2020

### **Local Markets:**

The Kenyan shilling was stable against the dollar on Monday supported by inflows from non-governmental organizations and offshore investors buying government debt.

### **Top News:**

- Gold fell on Tuesday, as investors opted for riskier assets after the United States dropped China's designation as a currency manipulator ahead of an interim deal between the two sides to ease their trade dispute.
- Oil prices edged higher on Tuesday as investors focused on the signing of a preliminary trade deal between the United States and China, the world's top oil consumers, and on expectations of a drawdown in U.S. crude oil inventories.

### **International Markets**

**USD:** The U.S. dollar index held steady on Monday before a heavy week of economic data, while sterling was the weakest performer after tepid growth increased the likelihood that the Bank of England will cut interest rates this month. In the United States, consumer price data on Tuesday and retail sales data on Thursday are this week's main U.S. economic focuses. The greenback weakened on Friday after U.S. job growth slowed in December.

**GBP:** GBP/USD consolidates in a tight range just below the 1.30 handle, having failed several attempts to extend the recovery above the last so far this Tuesday. The upside attempts in the cable remain capped, as the US dollar recovers some ground across the board. The greenback is seen benefiting from the gains in the US Treasury yields fueled by the optimism surrounding an imminent US-China phase one trade deal signing.

**EUR:** EUR/USD is flashing green, but the momentum of the bullish move from 1.1085 looks to have run out of steam in the 10-pip range of 1.1140-1.1150. The hourly chart shows the pair has faced multiple rejections in the 1.1140-1.1150 range in the last 12 hours. China's trade data for December released in Asia showed a big beat on both imports and exports – a sign of strengthening domestic and global demand conditions. Even so, the EUR failed to pick up a bid.

**INR:** The rupee opened 13 paise higher at 70.73 against the US dollar on Tuesday following some selling in the American currency by banks and exporters. The local currency rose for a fifth session in a row on Monday tracking optimism that the phase one trade deal between US and China will be signed this week. Rupee gained together with other Asian peers in yesterday's session following sustained fund inflows by FIIs.

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

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	101.20	101.80			
<b>GBP/KES</b>	131.45	132.60	<b>GBP/USD</b>	1.3005	1.3043
<b>EUR/KES</b>	112.65	113.55	<b>EUR/USD</b>	1.1150	1.1143
<b>INR/KES</b>		1.4460	<b>AUD/USD</b>	0.6910	0.6928
			<b>USD/INR</b>	70.80	70.67
			<b>Commodities</b>		
			<b>Gold</b>	1539	1556
			<b>Brent Crude</b>	64.29	65.06

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

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

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