

DAILY FX NEWSLETTER 16TH JANUARY 2020

Local Markets:

The Kenyan shilling was stable on Wednesday and was forecast to trade in a tight range against the dollar supported by inflows from non-governmental organizations and offshore investors buying government debt.

Top News:

- Oil prices rose on Thursday after the signing of an initial Sino-U.S. trade deal that sets the stage for a surge in Chinese purchases of American energy products, while U.S. crude inventories fell more than expected.
- The United States left tariffs intact on China despite today's historic trade deal, giving the safe-haven crowd a reason to buy gold on Wednesday. Palladium, meanwhile, ticked to another record high, reinforcing its position as the world's costliest metal.

International Markets

USD: The U.S. dollar was largely unchanged on Thursday in Asia following the conclusion of much-awaited Sino-U.S. one trade deal. The U.S. and China completed the signing of the partial trade agreement at the White House overnight, putting the trade war between the two sides on a pause. U.S. Vice President Mike Pence said further phase two talks had already begun as negotiators work to resolve differences.

GBP: GBP/USD takes the bids to 1.3050 while heading into the London open on Thursday. The pair recently benefited from the US dollar (USD) weakness. In doing so, it ignores the downbeat fundamentals at home that increase the odds for the Bank of England's (BOE) rate cut and dims Brexit optimism.

EUR: EUR/USD exited a two-week-long bearish channel on Wednesday and is now trading just a few pips short of the weekly tops near 1.1160. The single currency traded on a positive note on Wednesday, helping EUR/USD exit a falling channel despite below-forecast Industrial Production and softer Eurozone trade surplus. Markets offered US dollars as treasury yields slipped amid the rally in the US stocks, triggered by the optimism of the US-China phase-one trade deal.

INR: The rupee on Thursday opened 3 paise higher at 70.79 against the US dollar as weaker greenback lifted sentiment in the domestic forex market. The local currency on Wednesday gained in the latter half of the session as market participants awaited the trade balance number, that was released on the domestic front, and the trade deal that was signed between US and China. The domestic unit later settled 5 paise higher at 70.82 to the US dollar.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.00	101.60			
GBP/KES	131.75	132.70	GBP/USD	1.3060	1.3050
EUR/KES	112.55	113.50	EUR/USD	1.1162	1.1150
INR/KES		1.4470	AUD/USD	0.6917	0.6915
			USD/INR	70.75	70.78
			Commodities		
			Gold	1553	1553
			Brent Crude	64.45	64.41

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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