

DAILY FX NEWSLETTER

21st JANUARY 2020

Local Markets:

The Kenyan shilling was firm on Monday supported by inflows from the agricultural sector and offshore investors buying stocks and government debt.

Top News:

- Oil prices eased on Tuesday as investors appeared to shrug off earlier supply concerns following a force majeure declared by Libya on two major oilfields amid a military blockade.
- Gold prices rose to a two-week high on Tuesday as a new strain of pneumonia in China stoked fears of a wider epidemic that could hamper economic growth, sparking a sudden bout of risk aversion and sell-off in Asian stocks.

International Markets

USD: The U.S. dollar was largely flat in European trading Monday, with the U.S. holiday providing little incentive for traders to take risks. That said, the greenback still looks strong against its main competitors. The European Central Bank and the Bank of Japan are also not expected to make any changes in their first policy meetings of the year this week, but the Bank of England is widely expected to cut rates in the near future.

GBP: BP/USD pair extends the previous day's recovery while taking the bids to 1.3015 ahead of the London open on Tuesday. The pair seems to have taken alternative clues from the ruling Tory party's defeat in the parliamentary voting over the Brexit bill. However, major attention will be given to the UK's employment data to better foresee the BOE's next moves. The House of Lords turned down three amendments from the UK PM Boris Johnson's Brexit Withdrawal Agreement Bill (WAB).

EUR: EUR/USD is attempting a convincing move above the 50-day average. German ZEW Survey for January is expected to show an improvement in the economic sentiment. A big beat on expectations will likely bode well for the single currency. The single currency is showing signs of life ahead of the key German data, as EUR/USD is looking to post a convincing move above the 50-day moving average (MA) at 1.1094.

INR: The rupee on Tuesday opened 7 paise down at 71.18 against the US dollar on account of some buying in the American currency by banks and importers. The local currency on Monday came under pressure and extended its weakness for the third successive session following sell-off in domestic equities and broad strength in the US dollar. The domestic unit settled 3 paise down at 71.11 against the greenback in the previous trading session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.80	101.40			
GBP/KES	131.20	132.11	GBP/USD	1.3027	1.3010
EUR/KES	111.80	112.70	EUR/USD	1.1108	1.1110
INR/KES		1.4400	AUD/USD	0.6875	0.6897
			USD/INR	71.08	70.95
			Commodities		
			Gold	1565	1561
			Brent Crude	64.75	65.69

T-Bills Rates:

Duration	Current	Previous
91 Days	7.232%	7.200%
182 Days	8.167%	8.142%
364 Days	9.842%	9.833%

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