

## DAILY FX NEWSLETTER 23<sup>RD</sup> JANUARY 2020

### **Local Markets:**

The Kenyan shilling edged up on Wednesday supported by inflows from horticulture exports and offshore investors into government debt.

### **Top News:**

- Gold prices held steady on Thursday, as rising fears over the spread of China's new flu-like virus supported the safe-haven metal.
- Oil prices fell to their lowest in seven weeks on Thursday on concerns that the spread of a newly identified respiratory virus from China may lower fuel demand at the same time a report showed oil inventories in the United States rose last week.

### **International Markets**

**USD:** The dollar edged higher against its rivals Wednesday, as bullish housing data strengthened expectations that the U.S. economy will remain on solid footing. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, rose by 0.06% 97.58. The National Association of Realtors said pending home sales rose 3.6% to a 5.54 million annual rate. That was the strongest pace of growth since February 2018.

**GBP:** GBP/USD fails to ignore threats from the EU and the US. UK PM Boris Johnson managed to overturn the House of Lords' amendments to his WAB. The US dollar gains amid risk-off, trade/Brexit news, coupled with updates from China, will be the key to watch. GBP/USD drops to the intra-day low of 1.3124 while heading into the London open on Thursday. In doing so, the pair snaps the three-day winning streak while also ignoring the UK PM Boris Johnson's ability to end the years of Brexit deadlock by winning support for his Brexit Withdrawal Agreement Bill (WAB).

**EUR:** The single currency is trapped in the 1.1120-1.1070 range. ECB is expected to keep rates unchanged and announce start of the strategy review. Euro will likely rise if the ECB acknowledges recent improvement in the German/Eurozone economy. EUR/USD is lacking a clear directional bias ahead of the all-important European Central Bank (ECB) rate decision. The currency pair has been largely restricted to a narrow range of 1.1120-1.1070 since Jan. 17.

**INR:** The rupee opened 3 paise down at 71.22 against the US dollar in Thursday's trade due to some buying in American currency by banks and importers. Today, rupee could be trading positive as oil prices came under pressure following market surplus forecast by the IEA. For the day, the USDINR pair is expected to quote in the range of 70.90 and 71.30-71.50.

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

| Currency       | Buying | Selling | Currency           | Today  | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| <b>USD/KES</b> | 100.55 | 101.15  |                    |        |          |
| <b>GBP/KES</b> | 131.85 | 132.85  | <b>GBP/USD</b>     | 1.3130 | 1.3070   |
| <b>EUR/KES</b> | 111.35 | 112.30  | <b>EUR/USD</b>     | 1.1095 | 1.1095   |
| <b>INR/KES</b> |        | 1.4400  | <b>AUD/USD</b>     | 0.6872 | 0.6854   |
|                |        |         | <b>USD/INR</b>     | 71.10  | 71.09    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1559   | 1553     |
|                |        |         | <b>Brent Crude</b> | 62.19  | 64.39    |

### **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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