

**DAILY FX NEWSLETTER**  
**27<sup>TH</sup> JANUARY 2020**

**Local Markets:**

The Kenyan shilling was firm on Friday amid thin dollar demand with most market players staying on the sidelines ahead of the central bank's monetary policy committee meeting on Monday.

**Top News:**

- Gold has popped in the start of the week Asian session, with risk-off themes fueling the bid. The price may be completing a 5 wave scenario and could be subject to a bearish correction.
- Gold prices remain positive while taking rounds to \$1,583, following the intra-day high of \$1588.70 flashed at the week's start, amid Monday's Asian trading session.

**International Markets**

**USD:** The dollar climbed against its rivals Friday as data showing ongoing strength in the U.S. services sector offset a continued slowing in manufacturing to a three-year low. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, rose by 0.18% to 97.87. The IHS Market flash purchasing managers index for manufacturing slipped to a three-month low in January, but the services PMI rose to the highest level since last March.

**GBP:** GBP/USD extends losses amid fears of China's coronavirus outbreak, hard Brexit. Tories fend off awkward details on Brexit, the EU warns the UK PM to not use the US trade deal for bargaining. GBP/USD stays on the back foot while declining to 1.3060 ahead of the London open on Monday. The pair bears the burden of Brexit anxiety and fears of China's coronavirus outbreak. Investors keep eyes on Thursday's BOE and Friday's Brexit alarm for fresh impulse.

**EUR:** EUR/USD has logged its longest weekly losing run in 14 months. An above-forecast German IFO Expectations index is needed to stave off deeper drop. The pair needs to retake a crucial ascending trendline to invalidate bearish pressures. EUR/USD is looking weak, having charted its longest weekly losing streak since November 2018. The pair fell 0.26% last week the fourth straight weekly loss.

**INR:** The rupee on Monday opened 17 paise lower at 71.50 against the US dollar following buying in the American currency by banks and importers. Rupee remained under pressure on concerns of outbreak of the coronavirus and reports by CDC confirmed that a second case of the virus had been identified in the US.

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

| Currency       | Buying | Selling | Currency           | Today  | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| <b>USD/KES</b> | 100.60 | 101.25  |                    |        |          |
| <b>GBP/KES</b> | 131.35 | 132.30  | <b>GBP/USD</b>     | 1.3070 | 1.3133   |
| <b>EUR/KES</b> | 110.85 | 111.80  | <b>EUR/USD</b>     | 1.1039 | 1.1059   |
| <b>INR/KES</b> |        | 1.4300  | <b>AUD/USD</b>     | 0.6816 | 0.6856   |
|                |        |         | <b>USD/INR</b>     | 71.32  | 71.17    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1578   | 1560     |
|                |        |         | <b>Brent Crude</b> | 59.89  | 62.25    |

**T-Bills Rates:**

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days  | 7.279%  | 7.232%   |
| 182 Days | 8.212%  | 8.167%   |
| 364 Days | 9.859%  | 9.842%   |
|          |         |          |

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