

DAILY FX NEWSLETTER 29TH JANUARY 2020

Local Markets:

The Kenyan shilling was broadly stable on Tuesday with inflows from remittances and portfolio investors buying government debt helping meet end month dollar demand from merchandise importers.

Top News:

- Oil prices rose for a second day on Wednesday, standing on firmer ground after a five-day fall on talk OPEC could extend oil cuts if a new coronavirus hurts demand, while data showing a decline in U.S. stockpiles helped steady prices.
- Gold prices were little changed on Wednesday after sliding 1% in the previous session, as investors took stock of the economic impact of the new coronavirus and awaited the U.S. Federal Reserve's interest rate decision.

International Markets

USD: The dollar climbed on Tuesday, underpinned by mostly bullish U.S. data and weakness in safe-haven currencies despite lingering concerns over the new coronavirus. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, rose by 0.12% to 97.97. The firmer dollar comes ahead of the Federal Reserve Open Market Committee's two-day meeting, which gets underway later today.

GBP: GBP/USD trades near 1.3020 ahead of the London open on Wednesday. The cable recently weighed down by concerns of the US-UK tussle over the British allowance to the Chinese tech giant for 5G development. However, the moves are less strong ahead of the key BOE meeting on Thursday, followed by Friday's Brexit day. Republicans in the US have started criticizing the Tory government's plan to allow China's Huawei to build non-core elements of the UK's 5G network.

EUR: EUR/USD buyers are struggling to find follow-through, having successfully defended the psychological support at 1.10 on Tuesday with a bullish hammer candle. The pair peeped above Tuesday's high of 1.1025 in early Asia only to fall back to 1.1015 ahead of the London open. The Federal Reserve (Fed) is expected to keep the benchmark interest rates steady for the second month.

INR: The rupee on Wednesday opened 10 paise higher at 71.23 against the US dollar following some selling in the American currency by banks and exporters. The local currency recovered over 10 paise to close at 71.33 against the US dollar on Tuesday, even as concerns remained over the fast-spreading coronavirus from China to other regions.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.60	101.20			
GBP/KES	130.95	131.90	GBP/USD	1.3032	1.3070
EUR/KES	110.75	111.65	EUR/USD	1.1027	1.1033
INR/KES		1.4345	AUD/USD	0.6780	0.6774
			USD/INR	71.10	71.22
			Commodities		
			Gold	1565	1578
			Brent Crude	59.51	58.45

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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