

DAILY FX NEWSLETTER 30TH JANUARY 2020

Local Markets:

The Kenyan shilling was firm on Wednesday with inflows from diaspora remittances meeting end month dollar demand from merchandise importers and the energy sector.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.55	101.15			
GBP/KES	130.80	131.75	GBP/USD	1.3024	1.3032
EUR/KES	110.65	111.60	EUR/USD	1.1025	1.1027
INR/KES		1.4305	AUD/USD	0.6745	0.6780
			USD/INR	71.25	71.10
			Commodities		
			Gold	1578	1565
			Brent Crude	58.27	59.51

T-Bills Rates:

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

Top News:

- Gold prices edged higher on Thursday after the U.S. Federal Reserve Chair's remarks that the new coronavirus outbreak could impact China's economy in the short term boosted the safe-haven metal's appeal.
- Oil prices fell on Thursday as the death toll from the new virus in China climbed to 170 and more airlines cancelled flights to the country's major cities, while rising U.S. crude inventories added to the negative tone.

International Markets

USD: The dollar was little changed Wednesday after the Federal Reserve kept rates steady and signaled that it was in no hurry to move off the sidelines. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, rose by 0.06% to 97.88.

GBP: GBP/USD remains flat on a daily basis, at 1.3015, while heading into the London open on Thursday. Even if the latest risk-off is weighing on the pair, traders are cautious ahead of the key BOE that has been waited for long. With the European Union (EU) finally signing the Brexit bill, the regional leaders are preparing for what to do next. The Telegraph said that the UK PM Boris Johnson will be ready to forgo free movement of goods between Britain and Northern Ireland to keep up his promise of the free UK. It was also mentioned that the European leaders will also use tactics to keep up the pressure during the post-Brexit trade talks.

EUR: EUR/USD is struggling to chart a notable price bounce despite signs of seller exhaustion near key support. The daily chart shows consecutive long-tailed candles, marking a bear failure to establish a secure foothold below the psychological level of 1.10. So far, however, the bulls have not been able to capitalize on the bear fatigue. The currency pair is currently witnessing subdued activity around 1.1015, having remained consolidative around that level in Asia.

INR: The rupee on Thursday opened 14 paise lower at 71.40 against the US dollar as market participants remained cautious ahead of the Union Budget that will be released later this week. Any surprise in the fiscal deficit number will trigger a move for the currency. There are hopes that the fiscal deficit target could be widened for the coming year and that could weigh on the rupee.

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