

DAILY FX NEWSLETTER

03rd JANUARY 2020

Local Markets:

The Kenyan shilling is forecast to be supported by inflows from diaspora remittances and market players trimming their long dollar positions as business resumes after the holiday season.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.65	101.25			
GBP/KES	132.15	133.20	GBP/USD	1.3135	1.3220
EUR/KES	112.45	113.50	EUR/USD	1.1182	1.1213
INR/KES		1.607	AUD/USD	0.6973	0.7005
			USD/INR	71.56	71.24
			Commodities		
			Gold	1544	1521
			Brent Crude	68.22	66.19

T-Bills Rates:

Duration	Current	Previous
91 Days	7.200%	7.200%
182 Days	8.147%	8.150%
364 Days	9.828%	9.815%

Top News:

- Oil prices continued to jump on Friday in Asia amid escalating tension in the Middle East. Oil prices were also lifted by the People's Bank of China, which announced earlier this week that it was slashing the amount of cash that banks must hold in reserve, releasing around 800 billion yuan (\$115 billion) in funds to support the slowing Chinese economy.
- Gold prices climbed to a four-month high on Friday, as tensions mounted in the Middle East after a senior Iranian military official was killed in a U.S. air strike, while a weaker dollar also provided some support to the metal.

International Markets

USD: Dollar stumbles to nine week low against safe-haven yen as Mideast tensions flare. The dollar eased 0.46% to 108.07 yen following the news, breaching several layers of chart support and reaching its lowest since early November. The euro also dipped to a three-week low at 120.78 yen.

GBP: GBP/USD struggles near weekly lows. Brexit uncertainty joins the broad USD recovery amid US-Iran tension. GBP/USD stays modestly changed to 1.3140 while heading into the London open on Friday. The pair dropped the previous day on broad USD recovery but is recently waiting for fresh clues to extend the downside.

EUR: Euro is barely moving in response to the US-Iran tensions. Markets may put a haven bid under the single currency. German inflation is forecasted to have risen by 0.5% in December. EUR/USD is lacking a clear directional bias amid the heightened US-Iran tensions and the resulting risk-off tone in the markets. The US on Friday attacked an airport in Baghdad, killing Qassem Soleimani, Iran's most admired military figure, and Abu Mahdi al-Muhandis, the deputy commander of Iran-backed militias.

INR: The rupee on Friday opened 25 paise down at 71.62 against the US dollar following a spike in crude oil prices. Brent crude futures jumped close to \$3 on Friday to their highest since September after a US air strike killed key Iranian and Iraqi military personnel, raising concerns that escalating Middle East tensions may disrupt oil supplies.

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.