

DAILY FX NEWSLETTER 08TH JANUARY 2020

Local Markets:

The Kenyan shilling weakened on Tuesday due to an increase in dollar demand from oil and manufacturing companies, amid scant hard currency inflows.

Top News:

- Oil prices surged more than 4% at their high in early trading on Tuesday night after Pentagon officials said that Iran launched more than a dozen ballistic missiles against multiple bases in Iraq housing U.S. troops.
- Gold prices surged more than 2% on Wednesday, crossing the key \$1,600 mark, as investors sought cover in the safe-haven metal after Iran fired rockets at Iraqi airbase which hosts U.S. forces.

International Markets

USD: The U.S. dollar gave up some of its gains overnight on Wednesday in Asia following the release of better-than-expected non-manufacturing data. On Wednesday, Iran fired a series of rockets at two U.S.-Iraqi airbases as its first response to the killing of General Qassem Soleimani by a U.S. airstrike last week.

GBP: GBP/USD stays well within the 1.3105/40 range while taking the bids to 1.3122 ahead of the London open on Wednesday. The pair showed a cold response to the early-day market action backed by the US-Iran war fears, as traders await details of the UK-EU leaders' meet. The Cable registered soft response to the US dollar strength on Tehran's attack over the US bases in Iraq, as well the greenback's retreat afterward when the US refrained from immediate retaliation.

EUR: EUR/USD is currently trading at 1.1161, representing marginal gains on the day, having tested the 5-day average resistance at 1.1168 a few minutes before press time. The common currency is again looking to gain ground amid heightened geopolitical tensions following Iran's retaliatory attack on US bases in Iraq. The shared currency could act as a safe have, given Germany and most other Eurozone nations are offering negative yields on their bonds and the Eurozone is running a current account surplus.

INR: USD/INR pair will trade at 72.50 in the first quarter and at 72.75 during the second quarter. The Indian rupee was one of the only three major Asia ex-Japan currencies (others being the Korean won and Chinese yuan) to depreciate against the dollar in 2019. The rupee's decline was largely driven by domestic factors, namely deteriorating economic growth and financial sector woes.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.10	101.70			
GBP/KES	132.60	133.55	GBP/USD	1.3131	1.3176
EUR/KES	112.65	113.60	EUR/USD	1.1160	1.1201
INR/KES		1.4270	AUD/USD	0.6880	0.6940
			USD/INR	71.96	71.61
			Commodities		
			Gold	1594	1563
			Brent Crude	69.00	68.14

T-Bills Rates:

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

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