

DAILY FX NEWSLETTER 09TH JANUARY 2020

Local Markets:

The Kenyan shilling was stable against the dollar on Wednesday mainly due to low demand for hard currency from importers.

Top News:

- Oil prices climbed on Thursday after a rocket attack on Baghdad triggered fresh concern over the potential for conflict in the Middle East, a day after markets were roiled by an Iranian missile strike on Iraqi bases hosting U.S. forces.
- Gold's rally has cooled with President Donald Trump opting against further escalation of the U.S. conflict with Iran. But that didn't stop safe-haven buyers from pushing the market to near-seven-year highs above \$1,600 on Wednesday.

International Markets

USD: The U.S. dollar climbed Wednesday as risk appetite bounced back after President Donald Trump signaled de-escalation in conflict with Iran despite the Islamic Republic launching several attacks on U.S. forces in Iraq. The dollar was also lifted by ongoing weakness in the euro following softer factory order data from Germany, the eurozone's largest economy.

GBP: GBP/USD stays mildly positive within a choppy range around 1.3100 while heading into the London open on Thursday. The pair recovered during late-Wednesday after the UK's House of Commons matched market expectations and respected the PM Boris Johnson's Withdrawal Agreement Bill (WAB). While matching wide expectations, the UK's Members of Parliaments (MPs) allowed none of the opposition parties to amend the Tory leader's WAB, the same give rise to expectations that the UK PM Johnson will be able to make his promises true.

EUR: EUR/USD consolidates the tepid bounce from two-week lows of 1.1104 reached in early Asia, as the demand for the US dollar remains unabated amid upbeat US macro news and easing US-Iran geopolitical tensions. Markets remain wary that the spot may show little reaction to the Industrial Production data after the shared currency ignored an unexpected drop in the German Factory Orders seen on Wednesday.

INR: The rupee on Thursday opened 28 paise higher at 71.42 against the greenback after the US President Donald Trump's overnight statement favoring economic sanctions over a military strike on Iran triggered a sharp drop in crude oil prices.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.20	101.80			
GBP/KES	132.70	133.65	GBP/USD	1.3128	1.3131
EUR/KES	112.45	113.40	EUR/USD	1.1129	1.1160
INR/KES		1.4434	AUD/USD	0.6889	0.6880
			USD/INR	71.31	71.96
			Commodities		
			Gold	1556	1594
			Brent Crude	65.81	69.00

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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