

DAILY FX NEWSLETTER

29th August 2018

Local Markets:

The local unit gained strength against the greenback on Tuesday as hefty hard currency inflows offset end month demand from importers. The shilling opened at highs of 100.70/101.00 and moved to trade at 100.60/100.90 before settling in the late afternoon session at 100.50/100.80 and closing at the same levels.

Top News:

- Stocks closed slightly higher on Tuesday, boosted by an improved outlook on global trade after the U.S. and Mexico struck a deal. With the S&P 500 posting a record close and breaking above 2,900 for the first time ever.

International Markets:

USD: The dollar slid to a new four-week low on Tuesday, despite a goodish pickup in US Treasury bond yields, as the U.S.-Mexico trade deal aimed at overhauling the North American Free Trade Agreement which prompted investors to unwind more of their safe-haven bets on the greenback, boosting appetite for higher-risk assets. The release of the US goods trade balance data exerted additional downward pressure on the buck as figures came in to show a larger than expected deficit of \$72.20 billion for July. The correction of the greenback resumed overnight, however, after the release of US consumer confidence index that showed it the highest level in 18 years, as numbers rose above expectations. The flow of data will continue this Wednesday with more interesting readings, as the US will publish the second estimate of Q2 GDP and PCE inflation, and July Pending Home Sales, seen falling by 6.0%.

GBP: The sterling peaked at \$1.2935 to test weekly highs, but failed to break above these levels as the dollar resumed its rally upwards. The UK will release Nationwide Housing Price index for August today, however the pound remains weak in the market amid concerns about a “no deal” regarding Brexit as the UK government is presenting plans for what could happen if a deal is not reached before March. The sterling is likely to trade within a range with support seen at \$1.2830 and resistance at \$1.2900.

EUR: The euro set a new high for the month at \$1.1730 as broad-based dollar weakness characterized Tuesday’s trading session amid the announcement of a US-Mexico trade deal which triggered a risk-on mood which favored the euro against the dollar. The pair then pulled back below the \$1.1700 handle in overnight trade as the buck trimmed losses. The next data release to watch out for will be GfK’s German consumer confidence reading for September, which is currently expected to reprint at 10.6 points. The euro is likely to trade within a range with support seen at \$1.1640 and resistance at \$1.1730.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	100.30	101.00			
GBP/KES	129.20	130.10	GBP/USD	1.2865	1.2870
EUR/KES	117.40	118.20	EUR/USD	1.1690	1.1670
INR/KES		1.4370	AUD/USD	0.7315	0.7330
			USD/INR	70.40	70.09
			Commodities		
			Gold	1209	1215
			Brent Crude	76.27	76.46

T-Bills Rates:

Duration	Current	Previous
91 Days	7.614%	7.664%
182 Days	8.983%	9.005%
364 Days	9.941%	9.984%

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