

## DAILY FX NEWSLETTER

### 25<sup>th</sup> October 2018

#### **Local Markets:**

The Kenyan shilling weakened further against the dollar on Wednesday amid increased demand for the greenback from importers. USDKES opened the day at 101.00/101.30 and kept inching higher during the mid-morning session and finally closed at levels of 101.10/101.40.

#### **Top News:**

- Asian shares plunged on Thursday as hundreds of billions of dollars hemorrhaged from global markets after a rout in tech stocks inflicted the largest daily decline on Wall Street since 2011, wiping out all its gains for the year.

#### **International Markets:**

**USD:** The dollar remained near nine-week highs against a basket of currencies on Wednesday as the U.S. dollar index gained 0.4% to 96.06, while U.S. 10-Year Treasuries yield fell the most since May. Data from the US showed the Markit Manufacturing PMI for the same month jumped to 55.9, while the Services reading came in at 54.7, both above market's expectations and the previous readings. The Composite index resulted at 54.8 vs. the previous 53.9, a three-month high. Housing data, however, disappointed as New Home Sales declined again in September, down 5.5%. The US will publish September Durable Goods Orders and Pending Home sales data today.

**GBP:** The pound reversed its course and fell to a seven-week low of \$1.2880 on Wednesday right before PM Theresa May was due to meet Conservative Party lawmakers, some of whom have discussed toppling her in anger at her Brexit negotiations. The sterling is now trading just shy of the \$1.2900 handle ahead of today's London market session, as the data docket remains completely clear of UK data. Traders have no choice but to continue focusing on Brexit headlines, which have taken a turn for the bearish recently. The sterling is likely to trade within a range with support seen at \$1.2900 and resistance at \$1.2960.

**EUR:** The euro finally broke down of its Asian session consolidation phase and tumbled to over two-month lows at \$1.1405 after Wednesday's data weighed on the shared currency. The German flash manufacturing PMI dropped to a 29-month low level of 52.3 and the composite Euro-zone flash manufacturing PMI touched a 26-month low of 52.1 in October, making investors anxious about the Eurozone's growth outlook and how it may negatively impact the ECBs policy outlook. The ECB policy decision will be the star of today, and ahead of that, Germany will release business confidence surveys. The euro is likely to trade within a range with support seen at \$1.1390 and resistance at \$1.1460.

#### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	100.85	101.65			
<b>GBP/KES</b>	130.15	131.10	<b>GBP/USD</b>	1.2885	1.2980
<b>EUR/KES</b>	115.20	116.20	<b>EUR/USD</b>	1.1410	1.1470
<b>INR/KES</b>		1.3880	<b>AUD/USD</b>	0.7075	0.7100
			<b>USD/INR</b>	73.25	73.30
			<b>Commodities</b>		
			<b>Gold</b>	1239	1234
			<b>Brent Crude</b>	75.44	76.74

#### **T-Bills Rates:**

Duration	Current	Previous
91 Days	7.507%	7.594%
182 Days	8.450%	8.500%
364 Days	9.579%	9.607%

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