

DAILY FX NEWSLETTER

29th October 2018

Local Markets:

The Kenyan shilling closed the week lower against the dollar, as heavy demand for the greenback from corporates pressured the local unit. USDKES opened at 101.15/101.35 and moved to trade at 101.20/101.40 during mid-morning trade, before ticking up higher to close at 101.25/101.55 for the day.

Top News:

- Oil prices dipped on Monday as sentiment remained cautious after a plunge in financial markets last week triggered worries that global growth may be slowing.

International Markets:

USD: The dollar continued appreciating early Friday but ended the day giving up ground against most of its rivals backed by a rally in US bond yields. The greenback eased despite upbeat Q3 GDP, as the preliminary growth estimate for the three months to September came in at 3.5%, above the 3.3% expected. Partially offsetting the headline was PCE inflation, up by less-than-expected in the same period, just 1.6% vs. 2.1% in the previous quarter. The main data release for today will be the US Consumption Expenditure reading which is expected to clock in at 2%, in-line with the previous figure, for the year into September.

GBP: The sterling initially fell to fresh lows of \$1.2775 on Friday, as Brexit related uncertainty drove the cable lower amid a lack of fundamental news last week. The pound rebounded during the US session and is now testing the waters near \$1.2830 ahead of a tense day that sees the latest annual budget speech from the UK's Chancellor of the Exchequer. Elsewhere on the docket will be UK Mortgage Approvals. The sterling is likely to trade within a range with support seen at \$1.2800 and resistance at \$1.2860.

EUR: The single currency was trading on a back foot against the greenback during European trade at lows of \$1.1330, amid weak macroeconomic data. The preliminary October Markit PMI for the EU came in well below expected, with the only exception of French readings, but left the EU Composite PMI at 52.7, the slowest rate of growth in two years, led by an export slowdown and weakness in the services sector. The euro however, picked up a bid during American trade courtesy of broad-based losses in the greenback. Slated for release today is the Producer price index data. The euro is likely to trade within a range with support seen at \$1.1360 and resistance at \$1.1430.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.00	101.80			
GBP/KES	129.80	130.80	GBP/USD	1.2835	1.2815
EUR/KES	115.20	116.20	EUR/USD	1.1395	1.1360
INR/KES		1.3890	AUD/USD	0.7100	0.7030
			USD/INR	73.32	73.40
			Commodities		
			Gold	1235	1234
			Brent Crude	77.47	76.34

T-Bills Rates:

Duration	Current	Previous
91 Days	7.494%	7.507%
182 Days	8.386%	8.450%
364 Days	9.524%	9.579%

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