

DAILY FX NEWSLETTER

1st November 2018

Local Markets:

The home currency remained under pressure against the dollar on Wednesday due to excess liquidity in the money markets coupled with hefty dollar demand from oil importers. USDKES opened at levels of 101.80/101.20, and the shilling hit an eight-month low of 102.20/102.50 in the afternoon session before easing back to 102.00/102.30 after the central bank intervened and sold off dollars in the market.

Top News:

- Asian stocks rose on Thursday as bruised investor sentiment got some relief from another robust Wall Street session, while the pound rallied on a report Britain has secured a deal that would give its financial services firms continued access to European markets after Brexit.

International Markets:

USD: The greenback bulls held on the back-foot and failed to gain any respite from the latest ADP report, which showed that private sector employers added 227K new jobs in October. The reading was slightly lower than 230K in the previous month but was much higher than 189K anticipated, though did little to provide any meaningful impetus to the buck. The dollar index struggled to keep the positive territory following a bout of selling pressure around the buck following latest optimism around Brexit. Data on the docket today consists of initial jobless claims, non-farm productivity and manufacturing PMIs.

GBP: The sterling is trading into the \$1.2850 level after a hectic Asia market session saw the Pound take a firm step higher from lows of \$1.2730 after headlines broke that the UK has reached a tentative deal with the EU affording access to Europe for UK financial services companies after Brexit that will allow European traders to maintain access to critical UK clearing markets in the event of a messy no-deal Brexit. The Cable's current action could easily see further challenges later today with the Bank of England's latest Interest Rate Decision and Monetary Policy Statement due along with the quarterly inflation report. Also, BOE's Governor Carney is set to offer a speech afterward. No changes are expected on the current policy, but rather the market will pay attention to how concerned the central bank is about protectionism and a possible no-Brexit deal. The sterling is likely to trade within a range with support seen at \$1.2810 and resistance at \$1.2890.

EUR: The single currency rose to \$1.1345 amid market volatility near the London fix, but the move higher was short-lived and quickly bounced to the downside falling to \$1.1305, a new 2-month low. Eurozone's overall October Consumer Price Index (CPI) inflation rate projection was published today and while the normal print only edged higher from 2.1% to 2.2% as expected, the core inflation rate unexpectedly rose from 0.9% to 1.1% rather than the expected 1.0%, but failed to spur the euro higher. The European calendar is empty for today and traders turn to dollar dynamics for further direction. The euro is likely to trade within a range with support seen at \$1.1310 and resistance at \$1.1380.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.75	102.55			
GBP/KES	130.90	132.00	GBP/USD	1.2850	1.2715
EUR/KES	115.50	116.55	EUR/USD	1.1340	1.1345
INR/KES		1.3900	AUD/USD	0.7130	0.7085
			USD/INR	73.83	74.02
			Commodities		
			Gold	1219	1219
			Brent Crude	74.59	76.40

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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