

DAILY FX NEWSLETTER

5th November 2018

Local Markets:

The Kenyan Shilling stabilized on Friday, firming against the dollar as end month demand fizzled out towards the end of the week. USDKES opened at highs of 101.50/101.90 and eased during the afternoon session to 101.30/101.70 before closing at the same levels.

Top News:

- Oil prices fell on Monday as the start to U.S. sanctions against Iran's fuel exports was softened by waivers that will allow some countries to still import Iranian crude, at least temporarily.

International Markets:

USD: The dollar rose marginally against its rivals on Friday in a choppy session, as worries that a trade deal between the United States and China may not be imminent curtailed risk appetite and boosted safe-haven demand for the greenback. On the data front, the headline NFP print came in to show that the US economy added 250K new jobs in October, much better than 190K anticipated and 134K previous. Adding to this, the average hourly earnings matched consensus estimates and recorded a strong growth of 3.1% y/y, marking the largest annual gains since mid-2009, pointing towards continuous labor market tightening, reinforcing market expectations for a gradual Fed monetary policy tightening, even beyond 2018. In reaction to the solid data, the 10-year T-bond yield in the U.S. rose above 3.2% for the first time in 10-days to provide an additional lift to the greenback. Markit composite & services PMI data is slated for release today alongside the ISM non-manufacturing PMI.

GBP: The sterling staged a correction on Friday after having surged the previous session, coming under bearish pressure during the North American session. A better than expected UK construction PMI limited the pounds downside, with the figure coming in at 53.2 for October, up from 52.1 which marked the fastest growth in 18-months. Monday's data is thinly spread for the UK with the UK's Services PMI for October due in (forecast 53.3, last 53.9) and with plenty of Brexit headlines going in both directions, investors will continue to have their hands full chewing through layers of rhetoric on EU -UK divorce proceedings. The sterling is likely to trade within a range with support seen at \$1.2950 and resistance at \$1.3030.

EUR: The euro reached highs of \$1.1430 in early Asian trade on Friday as the upbeat tone around the single currency remained sound before better than expected US data put a bid under the greenback and caused the pair to reach intraday lows of \$1.1375. The eurozone's final October manufacturing PMI from Markit fell short of expectations while German manufacturing slowed to just 52.2 while the Eurozone's overall figure came in at only 52, missing expectations and leaving the shared currency unappealing again. On the cards today is the Sentix investor confidence data due in the European session. The euro is likely to trade within a range with support seen at \$1.1370 and resistance at \$1.1450.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.10	102.00			
GBP/KES	131.50	132.60	GBP/USD	1.2985	1.3010
EUR/KES	115.25	116.25	EUR/USD	1.1390	1.1430
INR/KES		1.3980	AUD/USD	0.7195	0.7245
			USD/INR	72.95	72.78
			Commodities		
			Gold	1231	1235
			Brent Crude	72.45	73.21

T-Bills Rates:

Duration	Current	Previous
91 Days	7.387%	7.494%
182 Days	8.317%	8.386%
364 Days	9.519%	9.524%

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