

DAILY FX NEWSLETTER

6th November 2018

Local Markets:

The local unit remained stable against the greenback for most of the session on Monday, amid increased inflows from diaspora remittances & horticulture exports that offset dollar demand. The pair traded at 101.30/101.70 throughout the day before edging slightly higher to close at 101.35/101.75.

Top News:

- The dollar held in tight ranges versus its major rivals on Tuesday with investors putting discretion before valor as they counted down to the U.S. midterm vote, the first major electoral test of President Donald Trump's big tax cuts and hostile trade policies.

International Markets:

USD: The dollar struggled to preserve its bullish momentum on Monday, and gained traction in the North American session losing strength against its major rivals. On the data front, the ISM Non-Manufacturing PMI posted a strong gain of 60.3, above the estimate of 59.3 points and the service sector continued to expand at a strong pace in October. The dollar index slumped further as falling Treasury bond yields hurt demand for the buck. On Tuesday, the U.S will release JOLTS Job Openings and investors favor caution as all eyes will be on the U.S midterm congressional elections later in the day.

GBP: The sterling reversed an early European session dip to the \$1.2965 region and refreshed session tops above the \$1.3000 handle despite the disappointing service PMI data from the UK that showed the service sector deteriorating more than expected in October, dropping to 52.2 vs a 53.9 reading previously. Tuesday is a political day for the markets, with little functional data on the economic calendar, but a steady stream of Brexit headlines in the UK. The pound could also experience broader market volatility later in the day ahead of the U.S mid-term elections. The sterling is likely to trade within a range with support seen at \$1.3010 and resistance at \$1.3080.

EUR: After dropping to a daily low at \$1.1355 during the European trading hours, the single currency staged a modest rebound in the second half of the day and turned positive above the \$1.14 mark as the greenback came under a broad-based selling pressure. Earlier in the day, the data released from the euro area showed that the Sentix Investor Confidence slumped to 8.8 in November from 11.4 in October and fell short of the market expectation of 10.1- the worst print in 2 years. Slated for release today are a number of Eurozone PMIs with the services sector and overall composite PMI readings both expected to show a slower pace of economic activity. 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	101.20	102.00			
GBP/KES	132.25	133.26	GBP/USD	1.3050	1.2985
EUR/KES	115.55	116.60	EUR/USD	1.1410	1.1390
INR/KES		1.3985	AUD/USD	0.7220	0.7195
			USD/INR	72.98	72.95
			Commodities		
			Gold	1231	1231
			Brent Crude	72.89	72.45

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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