

DAILY FX NEWSLETTER

8th November 2018

Local Markets:

The Kenyan shilling held ground against the dollar on Wednesday supported by inflows from diaspora remittances amid thin importer demand. USDKES opened at 101.80/102.10 and traded within this range through most of the day before edging slightly lower to close at 101.75/102.05 for the day.

Top News:

- Asian stocks rose to a one-month peak on Thursday as investors, relieved to have moved past the U.S. midterm elections without any major political surprises, drove a Wall Street rally, while the dollar bounced and pulled away from 2-1/2-week lows.

International Markets:

USD: The dollar edged lower on Wednesday, with some investors tiptoeing back into riskier assets after it was officially declared that the Democrats secured the needed 218 seats to gain control of the US House of Representatives while the Republicans maintained their majority in the Senate, leaving the Congress divided. A split Congress fueled speculations that any major US fiscal policy boot to the economy is unlikely for now, which was eventually seen exerting some heavy downward pressure on the buck. Investors will be shifting focus to the Federal Reserve, which releases its monthly rate statement today. The Fed is expected to maintain the benchmark rate at a range of between 2.0% and 2.25%, however, a hawkish rate statement could boost global equity markets.

GBP: The cable is continuing to hold just above the key \$1.3100 handle after seeing an impressive rally on Wednesday to highs of \$1.3185, fueled largely by Brexit optimism and a fresh dollar-selling wave following the US mid-term elections. Positive comments by the Irish PM Leo Varadkar boosted sentiment after he was quoted saying that the Brexit talks are in the final few weeks and it is possible to reach an agreement on Brexit in November. On the data front, the annual rate of house price growth fell from 2.5% in September to 1.5% in October, but this negative data was largely ignored by markets. No data is set for release today and the sterling is likely to trade within a range with support seen at \$1.3090 and resistance at \$1.3185.

EUR: The euro continued scaling higher against the greenback in the mid-European session on Wednesday, touching the key \$1.1500 mark as a broad-based sell-off for the dollar boosted sentiment around the single currency. Wednesday's most influential Eurozone data included September's retail sales results with the yearly figure beating expectations by coming in at 0.8%, while the previous figure was revised higher from 1.8% to 2.2%. Germany's industrial production stats from September beat forecasts too, but the nation's October construction PMI came in at 49.8 – showing a contraction. For today, the EU is set to release German Trade balance, ECB economic bulleting and EU economic forecasts, but markets still remain driven by dollar dynamics. The euro is likely to trade within a range with support seen at \$1.1400 and resistance at \$1.1500.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.35	102.15			
GBP/KES	135.50	134.60	GBP/USD	1.3135	1.3165
EUR/KES	116.15	117.20	EUR/USD	1.1435	1.1475
INR/KES		1.4180	AUD/USD	0.7285	0.7220
			USD/INR	72.15	72.98
			Commodities		
			Gold	1225	1231
			Brent Crude	72.00	72.89

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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