

DAILY FX NEWSLETTER

12th November 2018

Local Markets:

The Kenyan shilling weakened towards the end of the day on Friday as markets continued to witness high dollar demand ahead of the holiday season. USDKES opened at 101.75/102.05 and closed at highs of 102.15/102.45.

Top News:

- Asian shares drifted lower on Monday as signs of softening demand in China rekindled anxiety about the outlook for world growth, but Saudi Arabia's plans to cut production helped to halt a slide in oil prices.

International Markets:

USD: The dollar rose toward 16-month highs against major rivals on Friday as falling equity prices spurred a flight to quality and the U.S. Federal Reserve reaffirmed its monetary tightening stance, citing the strong U.S. economy and also benefitted from a broader move away from riskier assets due to the ongoing U.S.-Sino trade tensions. Robust data supported the dollar after the Labor Department said on Friday its producer price index (PPI) for final demand increased 0.6% last month, after rising just 0.2% in September and in the 12 months through August, the PPI rose 2.4% after rising 2.9% in October. No data is set for release today.

GBP: The sterling gapped lower in early Asian trade Monday, as rhetoric-heavy Brexit headlines over the weekend squashed hopes of clinching a November deal after PM Theresa May dropped the plan for an emergency cabinet meeting today to approve a Brexit deal due to resistance with her own cabinet, making it unlikely for May to come up with something by Tuesday's regular meeting to secure enough support. Data on Friday showed the UK's Q3 GDP coming in as expected, with the economy growing 0.6% in the three months to September, although business investment for the same period fell sharply, down 1.2% against an expected 0.2% advance. Manufacturing and Industrial production were slightly better-than-expected in September, with the first increasing 0.2% and the second flat for the month. The kingdom's deficit shank more-than-expected, to £-2.340B£ from £-4.560B in August. The data space is empty for today & the pair continues to take direction from Brexit related headlines. The sterling is likely to trade within a range with support seen at \$1.2865 and resistance at \$1.2945.

EUR: The euro came under increased selling pressure on Friday after clinching fresh multi day peaks in the boundaries of \$1.1500 earlier in the week amidst a recovery in the greenback and a scarce macroeconomic calendar in the EU that added to the pair's lack of drive at the end of the trading week. The single currency is trading near \$1.1325 this morning as the broader market opens the new trading week with risk appetite notably skewed into the downside. The data calendar also remains empty for today, leaving the pair turning towards dollar dynamics. The euro is likely to trade with a bearish bias with support seen at \$1.1280 and resistance at \$1.1350.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.80	102.70			
GBP/KES	131.50	132.60	GBP/USD	1.2895	1.3050
EUR/KES	115.25	116.30	EUR/USD	1.1310	1.1345
INR/KES		1.4100	AUD/USD	0.7215	0.7245
			USD/INR	72.90	72.75
			Commodities		
			Gold	1208	1220
			Brent Crude	71.50	70.69

T-Bills Rates:

Duration	Current	Previous
91 Days	7.349%	7.387%
182 Days	8.302%	8.317%
364 Days	9.520%	9.519%

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