

DAILY FX NEWSLETTER

13th November 2018

Local Markets:

The Kenyan shilling was under pressure against the dollar on Monday due to increased demand from oil importers that outweighed inflows from diaspora remittances. USDKES opened at 102.10/102.40 and moved to trade at 102.45/102.65 before taking its last leg higher and closing at 102.45/102.85 for the day.

Top News:

- Forex Today witnessed a major turnaround in the risk sentiment in Tuesday's Asian trading as hopes for a de-escalation of the Sino-U.S. tariff war drew support from reports that China's top trade negotiator was preparing to visit the United States ahead of a meeting between the two countries' leaders.

International Markets:

USD: The dollar broke out of a 17-month range on the back of safe-haven buying, and the dollar index rallied to its highest level of the year at 97.58, led by falling equity prices as well as the heavy sell-offs in the euro and sterling despite and absence off full markets during the North American session as the U.S observed a Veterans Day holiday. A number of Fed speeches are slated on the calendar today; however, it is unlikely for them to touch on monetary policy.

GBP: The pound witnessed a selloff to the vicinity of \$1.2820 after reports of more British politicians voicing their objection to Prime Minister May's Brexit agreement and threatening to quit over the weekend forced the pair to start the week with a bearish gap amid resurgent dollar demand across the markets. The pair, however, recovered to \$1.2870 during the North American session when the EU's chief Brexit negotiator Michel Barnier told ministers from the EU's remaining 27-member states that the main elements of an exit treaty text were ready to present to the UK cabinet on Tuesday. Employment stats are due in the UK today but Brexit concerns are still seeing the pound getting hobbled in the broader market scape. The sterling is likely to trade within a range with support seen at \$1.2850 and resistance at \$1.2930.

EUR: The selling pressure around the European currency picked up pace and forced the euro to print fresh 17-month lows in the boundaries of \$1.1240, amid mounting tensions about the Italian budget that was rejected by the EU commission last week. The troubled country has until this Tuesday to resubmit a fiscal plan that complies with EU rules or could face economic sanctions, which could heavily weigh on the euro. This Tuesday, Germany will publish the final October inflation data, seen unchanged at 2.4% YoY and the November ZEW survey, foreseen showing further deterioration in economic sentiment. The euro is likely to trade with a bearish bias with support seen at \$1.1200 and resistance at \$1.1280.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.20	103.00			
GBP/KES	131.70	132.80	GBP/USD	1.2875	1.2895
EUR/KES	115.05	116.10	EUR/USD	1.1240	1.1310
INR/KES		1.4200	AUD/USD	0.7210	0.7215
			USD/INR	72.55	72.90
			Commodities		
			Gold	1204	1208
			Brent Crude	69.31	71.50

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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