

DAILY FX NEWSLETTER

14th November 2018

Local Markets:

The home currency opened at 102.45/102.75 on Tuesday, and made a quick dip to 102.15/102.45 in mid-morning trade, supported by hard currency inflows from offshore investors interested in buying government debt ahead of the sale of the 20-year amortized infrastructure bond worth Sh50 billion today.

The down move was short lived however, and the Kenyan shilling fell under pressure once again in the afternoon session to close at lows of 102.70/103.00.

Top News:

- Oil prices slipped on Wednesday after diving 7% the previous day and suffered their biggest one-day loss in more than three years as surging supply and the specter of faltering demand scared off investors.

International Markets:

USD: The dollar ran into fresh offer versus its major rivals on Tuesday, with the dollar index retreating from 17-month tops as broad-based dollar weakness was mainly driven by a profit-taking spree and an improved mood in the riskier assets on the back of renewed optimism on a potential Brexit deal between the UK and the EU. The US will release the final version of October inflation, with the core reading seen unchanged at 2.2% YoY.

GBP: The sterling soared to \$1.3045 in North American trade on Tuesday, from lows of \$1.2945, as traders reduced bearish bets after Britain and the European Union agreed a preliminary text that would allow the United Kingdom to leave the EU with a deal that avoids a chaotic "hard Brexit" departure after more than a year of talks. Gains were kept in check however, as doubts lingered about whether the U.K. parliament would back the deal. Prime Minister Theresa May will present a draft text of a Brexit withdrawal agreement to her senior ministers on Wednesday after both the UK and EU reached consensus on the Brexit divorce deal. For today, high impact CPI and PPI data is due in the UK. The sterling is likely to trade within a range with support seen at \$1.2950 and resistance at \$1.3060.

EUR: The euro recovered from lows of \$1.1215 on Tuesday, flirting with the \$1.1300 figure against the dollar in the mid-US session, on headlines indicating that the EU and the UK reached a deal on the Irish border issue. Gains were held in check on the release of a mixed bag of data; Germany released final October inflation figures, which failed to impress as they matched preliminary estimates, the ZEW survey for November showed that economic sentiment in the country deteriorated less-than-expected, printing -24.1 vs. the previous -24.7. For the whole EU, however, sentiment remained sour as it came in at -22.0 from the previous -19.4. This Wednesday, Germany will release its Q3 GDP, foreseen at -0.1% vs. the previous 0.5%. EU Q3 GDP will also be out, with the market's forecast pointing to 0.2% growth in the period. The euro is likely to trade with a bearish bias with support seen at \$1.1260 and resistance at \$1.1350.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.45	103.25			
GBP/KES	133.20	134.30	GBP/USD	1.2990	1.2875
EUR/KES	115.80	116.90	EUR/USD	1.1290	1.1240
INR/KES		1.4325	AUD/USD	0.7220	0.7210
			USD/INR	72.05	72.55
			Commodities		
			Gold	1203	1204
			Brent Crude	65.15	69.31

T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache/Samia Kaur/Daniel Yegon, D/L 020-2223409/2213470 or general nos. 2228461/2

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