

## DAILY FX NEWSLETTER

### 15<sup>th</sup> November 2018

#### **Local Markets:**

The Kenyan shilling continued with its bearish trend against the dollar, opening at levels of 102.70/103.00. The pair strengthened only briefly to 102.40/102.70 on the backing of hard currency inflows seen during the morning session. The home currency weakened in afternoon trade and ended the day lower at 102.85/103.15.

#### **Top News:**

- Asian stocks rose on Thursday, taking heart from a bounce in Chinese shares on news that China has delivered a written response to U.S. trade demands for trade reform, raising hopes the two sides could resume negotiations to end their trade war.

#### **International Markets:**

**USD:** The initial optimism around the buck lost momentum amid a risk-off mood in Asia that extended into Europe and US markets on Wednesday that sent US Treasury Yields off a cliff. US inflation figures disappointed expectations and triggered a correction lower in the buck. The CPI showed consumer prices rose at an annualized 2.5% and 0.3% on a monthly basis in October. However, Core prices rose 2.1% over the last twelve months, a tad below prior surveys, and 0.2% inter-month, in line with initial forecasts. Today the US will release October Retail Sales seen increasing 0.5% MoM. The US will also publish weekly unemployment numbers and regional manufacturing indexes.

**GBP:** It was another rollercoaster day for the Sterling, as Brexit headlines kept coming in. The pound rose to a fresh daily high at \$1.3035 on hopes of the cabinet meeting producing a positive outcome, however, with British Prime Minister Theresa May's office confirming reports of the press conference getting cancelled, along with fears that the DUP will reject the Brexit deal draft, the pair came under a heavy selling pressure and broke below the \$1.3000 mark. Softer-than-expected UK inflation added to the pairs' downside with the core yearly CPI coming in at 1.9% vs. the 2.0% forecast. Data for today consists of the Retail sales figures but Brexit headlines continue to be an exclusive driver of the pair's near-term momentum. The sterling is likely to trade within a range with support seen at \$1.2990 and resistance at \$1.3060.

**EUR:** The euro hit a fresh daily high slightly below \$1.1350 and then pulled back toward the \$1.1300 area, on a volatile day dominated by Brexit headlines. The common currency held on to gains despite a big disappointment from Germany, as economic growth contracted for the first time since 2015, coming in at -0.2% QoQ, as a result of global trade disputes. For the whole EU, Q3 GDP matched the market's expectations of 0.2%, while the quarterly employment change disappointed, up by 0.2% vs. the expected 0.4% advance. Thursday will bring EU September trade balance figures. The euro is likely to trade within a range with support seen at \$1.1300 and resistance at \$1.1370.

#### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	102.60	103.80			
<b>GBP/KES</b>	133.90	135.00	<b>GBP/USD</b>	1.3015	1.2990
<b>EUR/KES</b>	116.60	117.65	<b>EUR/USD</b>	1.1340	1.1290
<b>INR/KES</b>		1.4380	<b>AUD/USD</b>	0.7275	0.7220
			<b>USD/INR</b>	72.15	72.05
			<b>Commodities</b>		
			<b>Gold</b>	1213	1203
			<b>Brent Crude</b>	66.07	65.15

#### **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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