

DAILY FX NEWSLETTER

19th November 2018

Local Markets:

The Kenyan shilling hovered at 10-month lows of 103.40/103.70 against the dollar on Friday for most of the morning session amid excess liquidity in the money markets and heightened demand for the greenback. The CBK were in the market during the mid-morning session mopping up KES liquidity of 5bln which lent support to the local unit and the shilling strengthened to 102.85/103.15 at the end of the trading session.

Top News:

- Share markets turned mixed in Asia on Monday amid conflicting signals on the prospects for a truce in the Sino-U.S. trade dispute, while the Federal Reserve's newly-found concerns over the global economy constrained the dollar.

International Markets:

USD: The dollar swooped lower against its rivals on Friday, and looked set to snap a four-week winning streak, after Federal Reserve Vice Chairman Richard Clarida flagged concerns about global growth and delivered somewhat dovish remarks on monetary policy, sending the dollar tumbling and leading some to speculate whether the Fed would pause its gradual rate hikes sooner than expected. Economic data offered little in the way of support for the greenback, as industrial production fell short of economists' estimates. The macro calendar remains data-free for today, however, New York Fed President John Williams will speak later on Monday and traders would be waiting to see if he echoes the same theme as his colleagues.

GBP: The sterling recovered from an early European session dip sub \$1.2800 levels and spike to \$1.2875 against the buck, after a leading Eurosceptic minister pledged support for Britain's embattled PM Theresa May, who struck a defiant tone despite strong opposition to her Brexit deal. Despite good two-way action, the pair struggled for a firm direction amid speculations that Brexiteers are preparing for a no-confidence vote in the PM this Tuesday. Markets are seeing an evaporation of risk appetite to kick off the new trading week, and a lack of meaningful data for the early half of the week leaves traders fully exposed to what is sure to be a volatility-heavy flow of risk-off headlines as PM May struggles to keep the wheels on her Brexit cart. The sterling is likely to trade within a range with support seen at \$1.2790 and resistance at \$1.2870.

EUR: The euro recovered and hit fresh daily highs of \$1.1420 against the dollar on Friday largely driven by a correction of the greenback across the board. ECB President Mario Draghi also spoke last Friday and hinted at softer levels of inflation, however, repeated that the central bank is determined to end bond purchases by December, instilling confidence in the Eurozone economy and in turn bolstering investor confidence in the Euro. Today is a thin showing on the data calendar and the euro is likely to trade within a range with support seen at \$1.1370 and resistance at \$1.1440.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.40	103.70			
GBP/KES	131.80	132.90	GBP/USD	1.2825	1.2795
EUR/KES	117.15	118.20	EUR/USD	1.1400	1.1345
INR/KES		1.4400	AUD/USD	0.7310	0.7275
			USD/INR	71.95	71.90
			Commodities		
			Gold	1219	1215
			Brent Crude	67.35	67.25

T-Bills Rates:

Duration	Current	Previous
91 Days	7.347%	7.349%
182 Days	8.320%	8.302%
364 Days	9.512%	9.520%

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