

DAILY FX NEWSLETTER 20th November 2018

Local Markets:

The Kenyan shilling inched higher against the dollar on Monday, largely supported by hard currency inflows from offshore investors. USDKES opened at highs of 102.95/103.25 and moved to trade at 102.85/103.15 before taking its last leg lower to close at 102.65/103.05 for the day.

Top News:

- World shares struggled higher on Monday amid conflicting signals of a potential truce in the China-U.S. trade dispute, while the Federal Reserve's new-found concerns over the global economy sapped the dollar.

International Markets:

USD: The dollar hovered near a two-week low against its peers on Tuesday as cautious comments by Federal Reserve officials over the global outlook and weak data at home raised questions over whether the U.S. central bank will slow down its rate increases. The US offered the November NAHB Housing Market Index which slumped down to 60- its lowest since 2014, as growing affordability concerns hit builders' confidence. The only releases for today are Housing Starts and Building Permits for October.

GBP: The pound caught a fresh bid-wave in early trades and broke the consolidation phase to the upside, sending the cable to daily tops near \$1.2885, as British Prime Minister Theresa May sought to win support for her draft European Union divorce deal which has come under attack from many in her ruling Conservative Party. The pair trimmed gains however and is now trading near the midpoint of the \$1.28 handle. On the economic calendar for Tuesday, the Bank of England's (BoE) Governor Mark Carney will be delivering his testimony in the British parliament for the latest Inflation Report Hearings, and Carney's words could see far-reaching effects today if the UK's central bank maintains a too-dovish stance while investors take a quick break from the Brexit rollercoaster. The sterling is likely to trade within a range with support seen at \$1.2820 and resistance at \$1.2900.

EUR: The upbeat tone in the European currency remained well and sound through Monday's session and propped up the advance in the euro further north of the \$1.1400 barrier as the broad-based dollar weakness provided a boost to the pair. Earlier in the day, data published by the European Central Bank showed that the current account surplus (seasonally adjusted) fell to €17 billion in September from €24.3 billion recorded in August. For today, only mid-tier data is due with German PPI on the cards. The euro is likely to trade within a range with support seen at \$1.1410 and resistance at \$1.1490.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.30	103.50			
GBP/KES	131.80	132.90	GBP/USD	1.2860	1.2825
EUR/KES	117.40	118.50	EUR/USD	1.1450	1.1400
INR/KES		1.4480	AUD/USD	0.7275	0.7310
			USD/INR	71.35	71.95
			Commodities		
			Gold	1223	1219
			Brent Crude	66.44	67.35

T-Bills Rates:

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

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.