

DAILY FX NEWSLETTER

21st November 2018

Local Markets:

The Kenyan shilling traded mixed against the dollar on Tuesday, firming from an opening of 102.50/102.80 to 102.35/102.65 during the morning session due to inflows from horticulture exports and diaspora remittances along with intervention by the central bank who pumped in dollars into the market. The home currency fell under pressure once again in the afternoon session amid increased dollar demand from merchandise importers shipping goods ahead of the festive season and the pair closed at 102.75/103.05 for the day.

Top News:

- Oil bounced by around \$1 a barrel on Wednesday to claw back some of the previous day's 6 percent plunge, lifted by a report of an unexpected decline in U.S. commercial crude inventories and record Indian crude imports.
- Asia markets were broadly lower on Wednesday afternoon amid shaky investor confidence after steep losses on Wall Street overnight.

International Markets:

USD: The dollar traded firm against major peers on Wednesday, extending overnight gains, as investors shunned riskier assets in favor of safe haven currencies, while sentiment soured amid a global equities rout on Tuesday that caused risk averse traders to seek shelter in the liquid dollar, which climbed from a two-week low hit earlier this week. On the macro front, US Housing starts rose by 1.5% in October and Building Permits declined by 0.6%. The US macroeconomic calendar will offer this Wednesday weekly unemployment data, October Durable Goods Orders, seen falling 2.5% MoM and the Michigan Consumer Sentiment Index, expected at 98.3, unchanged from the preliminary estimate.

GBP: The sterling rebounded off earlier lows of \$1.2820 on Tuesday after Bank of England Governor Mark Carney gave his backing to a Brexit deal struck by prime minister Theresa May though gains were tiny in a market wary of further Brexit deal developments. The pound is now trading sideways ahead of Wednesday's London market session, skidding across the floor near \$1.2785, undermined by endless Brexit drama, while markets embrace themselves for a meeting between UK Prime Minister Theresa May and European Council Jean-Claude Juncker in Brussels today, who are working on the political declaration covering future relationship after Brexit. The sterling is likely to trade within a range with support seen at \$1.2750 and resistance at \$1.2820.

EUR: The single currency dropped further against the dollar during the American session and printed a fresh low at \$1.1360, under pressure as the US dollar gained momentum across the board. The common currency was also affected by comments from ECB's Weidmann, who said that policy normalization will take several years. The calendar didn't offer relevant figures, with German's October PPI coming in line with the market's expectations, up 0.3% MoM and by 3.3% YoY. The macro calendar remains empty for today and sentiment is likely to be driven by dollar dynamics. The euro is likely to trade within a range with support seen at \$1.1340 and resistance at \$1.1420.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.40	103.50			
GBP/KES	131.20	132.30	GBP/USD	1.2795	1.2860
EUR/KES	116.70	117.90	EUR/USD	1.1380	1.1450
INR/KES		1.4500	AUD/USD	0.7230	0.7275
			USD/INR	71.25	71.35
			Commodities		
			Gold	1221	1223
			Brent Crude	63.55	66.44

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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