

DAILY FX NEWSLETTER

30th October 2018

Local Markets:

The Kenyan shilling was under pressure against the dollar on Monday due to demand from the energy and manufacturing sector outweighing dollar inflows from remittances, which have slowed down, amid negative market sentiment due to recent reports from the IMF saying that the shilling is over-valued which has in turn created panic in the markets. USDKES opened at 101.30/101.60 and escalated to peaks of 101.70/102.10 after which the Central Bank intervened and sold dollars in the market which helped the pair ease to 101.65/101.05 for the day.

Indicative FX rates as at 8.30am:

<i>Currency</i>	<i>Buying</i>	<i>Selling</i>	<i>Currency</i>	<i>Today</i>	<i>Previous</i>
USD/KES	101.45	102.25			
GBP/KES	130.05	131.10	GBP/USD	1.2805	1.2835
EUR/KES	115.55	116.60	EUR/USD	1.1390	1.1395
INR/KES		1.3900	AUD/USD	0.7090	0.7100
			USD/INR	73.55	73.32
			Commodities		
			Gold	1228	1235
			Brent Crude	77.22	77.47

T-Bills Rates:

<i>Duration</i>	<i>Current</i>	<i>Previous</i>
91 Days	7.494%	7.507%
182 Days	8.386%	8.450%
364 Days	9.524%	9.579%

Top News:

- The Chinese yuan dipped on Tuesday and traded near two-year lows following reports that U.S. President Donald Trump was considering imposing tariffs on all remaining Chinese imports by December.

International Markets:

USD: The dollar held most of its overnight gains against a basket of its key rivals, with Tuesday's trade supported by a safe haven bid as fresh worries over Sino-U.S. frictions and fears of a slowdown in global economic growth sapped investors' confidence. The greenback was higher across the board against major pairs after US inflation figures tracked by the Core PCE rose at a monthly 0.2% (vs. 0.1% forecasted) during September and 2.0% over the last twelve months. Further results in the US docket saw Personal Income rising 0.2% inter-month while Personal Spending expanded at a monthly 0.4%, while both August's prints were revised higher. Investors today watch out for the CB Consumer Confidence figures due in the North American session.

GBP: The sterling is still trading into the \$1.2800 major level after Monday's action saw the Cable whipsaw into \$1.2850 before stumbling down to \$1.2790 to open the new trading week, and traders are heading into Tuesday's London market session on the cautious side after UK Chancellor of the Exchequer Hammond delivered a budget outlining increased spending yesterday, declaring that the era of austerity is "finally coming to an end" leaving large question marks over the holes that would be left in the increasingly likely event of a no-deal Brexit. Tuesday is a data-light day for the Sterling, leaving investors to fret over the lack of momentum on Brexit proceedings. The sterling is likely to trade within a range with support seen at \$1.2770 and resistance at \$1.2850.

EUR: The single currency was trading in a volatile fashion on Monday, prompting the euro to swing between \$1.1420 and \$1.1360, returning to negative ground amidst heightened volatility as the Italian government is expected to submit the budget law to parliament today. Tuesday will see the publication of France's Q3 GDP projection, as well as the Eurozone's own overall Q3 projections. Eurozone business and consumer confidence survey prints from October will be published too and to round it off, Germany's Consumer Price Index (CPI) inflation rate report from October will be published in the afternoon. The euro is likely to trade within a range with support seen at \$1.1350 and resistance at \$1.1440.

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