

DAILY FX NEWSLETTER

31st October 2018

Local Markets:

The Kenyan shilling traded within a range of 101.70 and 102.10 through the session on Tuesday, with broad dollar demand still prevalent amid excess liquidity in the money markets and demand from importers.

Top News:

- Asian stocks pulled away from 20-month lows on Wednesday, thanks to a rebound on Wall Street, although investors remained cautious after an October month that saw sharp downturns across global equity markets.

International Markets:

USD: The dollar hovered near 16-month highs versus a basket of its major rivals after gaining overnight as traders bet on the relative out performance of the U.S. economy and continued rate increases by the Federal Reserve after the U.S consumer confidence rose to an 18-year high of 137.9 in October compared to a reading of 136.00 forecast by economists. The dollar index, a gauge of its value versus six major peers, climbed to a fresh 16-month high to hit 97.06. Data slated for release today consists of the ADP nonfarm employment change and Chicago PMI.

GBP: The cable failed to build on its early uptick and dropped to fresh two-month lows below \$1.2750 as sentiment around the pound remained fragile amid persistent Brexit uncertainties. The last leg of downfall that saw the pound at \$1.2710 came following the UK Chancellor of the Exchequer Philip Hammond's comments, saying that a no-deal Brexit would be a shock to the economy and would require fiscal stimulus. On the release front, British CBI Realized Sales dropped to 5 points, well off the estimate of 27 points. Wednesday sees the Sterling's economic calendar data-free, and the London market session will see investors facing down continued Brexit headlines that showcase the still-vast distance between the two sides of the EU-UK negotiations. The sterling is likely to trade within a range with support seen at \$1.2700 and resistance at \$1.2780.

EUR: Following a slump to a daily low at \$1.1345 during the European trading hours, the euro staged a rebound in the early NA session but lost its momentum once again losing 0.13% on the day to settle at \$1.1330. Data released by the Eurostat showed that the GDP growth in the euro area in the first estimate fell to 0.2% in Q3 from 0.4% recorded in Q2 and fell short of the analysts' estimate of 0.4% while dragging the annualized rate down to 1.7% from 2.2%. Additionally, Italy's Q3 GDP growth came in at 0% and caused the Italian - German bond yields to widen to put extra weight on the shared currency's shoulders. The day could see knock-on volatility once again from Europe with high-impact data covering German retail sales, Spanish GDP and Eurozone inflation and unemployment rate figures. The euro is likely to trade within a range with support seen at \$1.1300 and resistance at \$1.1380.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.70	102.50			
GBP/KES	129.30	130.40	GBP/USD	1.2715	1.2805
EUR/KES	115.30	116.50	EUR/USD	1.1345	1.1390
INR/KES		1.3850	AUD/USD	0.7085	0.7090
			USD/INR	74.02	73.55
			Commodities		
			Gold	1219	1228
			Brent Crude	76.40	77.22

T-Bills Rates:

Duration	Current	Previous
91 Days	7.494%	7.507%
182 Days	8.386%	8.450%
364 Days	9.524%	9.579%

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