

## DAILY FX NEWSLETTER

3<sup>rd</sup> December 2018

### Local Markets:

The Kenyan shilling weakened slightly against the dollar on Friday as demand for the greenback offset hard currency remittances from horticulture exports. USDKES opened at 102.30/102.60 and moved to trade at 102.40/102.70 before closing at the same levels.

### Top News:

- The dollar gave up some ground Monday morning in Asia as investors piled into stocks, oil and riskier Asian currencies following a thawing of U.S.-China trade tensions over the weekend.

### International Markets:

**USD:** The greenback suffered on Friday from a surprise statement from the Fed's head, Powell who expressed views over rates being close to "neutral", but soon rebounded after the FOMC's official statement where almost all participants supported the view that another rate hike in the target range for the federal funds rate was likely to be warranted "fairly soon." The dollar broadly weakened on Monday however, amid revived risk appetite from the weekend's successful G20 Leaders' Summit yielded the groundwork for a broad-market recovery after US President Donald Trump and China's Xi Jinping agreed to postpone further tariff hikes for an extra 90 days as the two sides return to the negotiating table. Action today will come from the US' ISM Manufacturing PMI, expected to tuck up from 57.7 to 57.8.

**GBP:** On Friday, the sterling tested levels on top of \$1.2800 but failed to hold on top and pulled back during the US session as a stronger US dollar pushed the pair further to the downside. The cable has managed to recover to familiar levels near \$1.2770, following the broader market upwards in early Monday action as recovering risk appetite sees the greenback drastically underbid and as Brexit concerns return to the fold afresh, keeping the Sterling pinned as investors continue bracing for the upcoming parliamentary vote on Prime Minister Theresa May's Brexit proposal in the House of Commons on December 11th. It's Markit PMI day on the economic calendar, with the UK's Manufacturing PMI on the docket. The sterling is likely to trade within a range with support seen at \$1.2730 and resistance at \$1.2820.

**EUR:** The euro was stuck trading water against the greenback on Friday, around \$1.1340, as markets reacted to the latest Eurozone CPI figures which showed the headline inflation slowed to 2% in November, down from 2.2% in October and missing expectations of a more modest decline to 2.1%. Friday data also showed that German retail sales unexpectedly contracted month-on-month, and the previous figures were revised even lower, putting additional late-week pressure on the Euro. Eurozone PMIs for November are slated for today, with Germany PMI followed by the Euro-area broad PMI expected shortly after, and both are expected to remain steady with their previous readings (51.6 and 51.5 respectively). The euro is likely to trade within a range with support seen at \$1.1320 and resistance at \$1.1400.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	102.15	103.25			
<b>GBP/KES</b>	130.80	131.85	<b>GBP/USD</b>	1.2770	1.2780
<b>EUR/KES</b>	116.30	117.40	<b>EUR/USD</b>	1.1350	1.1385
<b>INR/KES</b>		1.4710	<b>AUD/USD</b>	0.7365	0.7300
			<b>USD/INR</b>	70.08	70.60
			<b>Commodities</b>		
			<b>Gold</b>	1231	1220
			<b>Brent Crude</b>	62.30	60.98

### T-Bills Rates:

Duration	Current	Previous
91 Days	7.342%	7.342%
182 Days	8.242%	8.245%
364 Days	9.564%	9.570%

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

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