

DAILY FX NEWSLETTER

4th December 2018

Local Markets:

The Kenyan shilling opened at 102.45/102.75 against the greenback on Monday. An increase in demand for the dollar put pressure on the local unit and the pair moved higher to trade at 102.60/102.90 by mid-morning. Some dollar inflows in the afternoon session supported the shilling at the pair closed at 102.55/102.85 for the day.

Top News:

- Oil prices jumped by more than 3% on Monday after the United States and China agreed to a 90-day truce in a trade dispute, while exporter group OPEC looked set to reduce supply.

International Markets:

USD: The dollar had a goodish rebound on Monday as investors looked past the latest optimism over the US-China trade truce. The manufacturing output improved solidly, despite the index being downwardly revised to a 3-month low of 55.3. The official ISM Manufacturing PMI confirmed so, expanding solidly to 59.3 in November versus an expected contraction to 57.5. The dollar is weaker in Asia this Tuesday as U.S. Treasury yields fell to three-month lows, a sign some investors were wagering the Federal Reserve would slow the pace of its rate hikes. The US will offer the ISM Business Conditions Index, while more Fed members will be on the wires.

GBP: The sterling took advantage of the broad-based USD weakness and rose above the \$1.28 handle on Monday but failed to extend its rally in the second half of the day and erased its daily upside tumbling to the \$1.27 neighborhood despite a better than expected reading of the manufacturing PMI that arrived in at 53.1 points in November, as compared to a previous 51.1 reading while markets had predicted the PMI to tick higher to 51.5. Today sees the Bank of England's Governor Mark Carney testifying before the Treasury Select Committee delivering his testimony on the current Brexit Withdrawal Agreement that words could heave the sterling markets. The sterling is likely to trade within a range with support seen at \$1.2700 and resistance at \$1.2780.

EUR: The euro opened with an upward gap amid risk appetite, hitting a daily high of \$1.13 before losing momentum, a downward move confirmed by the November Markit Manufacturing PMI, which, for the whole EU printed to 51.8, up from the initial estimate of 51.6 but down from 52.0 in October, its lowest level since August 2016. Today's macroeconomic calendar will be light, with nothing that can rock the boat for the single currency. The euro is likely to trade within a range with support seen at \$1.1340 and resistance at \$1.1450.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.25	103.35			
GBP/KES	130.40	131.50	GBP/USD	1.2740	1.2770
EUR/KES	116.40	117.50	EUR/USD	1.1370	1.1350
INR/KES		1.4650	AUD/USD	0.7370	0.7365
			USD/INR	70.38	70.08
			Commodities		
			Gold	1242	1231
			Brent Crude	62.17	62.30

T-Bills Rates:

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

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