

DAILY FX NEWSLETTER

6th December 2018

Local Markets:

The Kenyan shilling firmed against the dollar during the first half of the session on Wednesday, supported by inflows from diaspora remittances and horticulture earnings. USDKES opened at 102.45/102.75 and was trading at 102.40/102.70 by the afternoon session, after which a slight uptick in demand for the buck caused the pair to edge higher to close at 102.55/102.85 for the day.

Top News:

- Oil prices fell along with weak stock markets on Thursday, but trading was tepid ahead of a meeting by producer group OPEC that is expected to result in a supply cut aimed at draining a glut that has pulled down crude prices by 30 percent since October.

International Markets:

USD: The dollar was sidelined against a basket of currencies on Thursday as growing investor aversion to riskier assets hit equities and pushed down U.S. Treasury yields. Despite a lack of macroeconomic data releases from the United States, the greenback gathered strength in the late North American session. Later in the day, the US economic docket will feature ADP private sector employment change, third quarter nonfarm productivity, third quarter unit labor costs, and October trade balance figures.

GBP: The pound continued to trade sideways, reaching daily peaks in the \$1.2800 neighborhood before sinking back down into the \$1.2700 region as market players turn more cautious ahead of the Parliamentary Brexit vote that will take place next Tuesday, giving less relevance to intraday headlines that shed no light but rather muddy the waters. Adding to Pound's turmoil was the Markit Services PMI that eased to a 28-month low of 50.4 in November, missing the market's expectations of 52.5 and below the previous 52.2, with both, business activity and incoming new work weakening. There is no relevant data scheduled in the UK for this Thursday and the sterling is likely to trade within a range with support seen at \$1.2680 and resistance at \$1.2760.

EUR: The single currency dropped to \$1.1305, just below the lows of the previous two days and quickly rebounded around \$1.1330 trading in a tight range on Wednesday. Data released by the Eurostat showed that retail sales in October, which contracted 0.5% in September, rebounded and rose 0.3% to surpass the analysts' estimate of 0.2%. Additionally, the IHS Markit's Services PMI and Composite PMI figures both came in above market expectations to give an additional support to the shared currency. Thursday will see the publication of Germany's latest factory orders and construction data. 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	102.20	103.40			
GBP/KES	130.30	131.40	GBP/USD	1.2730	1.2740
EUR/KES	116.20	117.30	EUR/USD	1.1350	1.1370
INR/KES		1.4540	AUD/USD	0.7225	0.7370
			USD/INR	70.95	70.38
			Commodities		
			Gold	1245	1242
			Brent Crude	61.09	62.17

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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