

DAILY FX NEWSLETTER

7th December 2018

Local Markets:

The home currency traded within a range against the dollar on Thursday, opening at levels of 102.55/102.85 and strengthening marginally to trade at 102.45/102.75 during the afternoon session on the backing of hard currency inflows that offset demand for the buck.

Top News:

- Oil prices fell on Friday, pulled down by OPEC's decision to delay a final decision on output cuts, awaiting support from non-OPEC heavyweight Russia.
- Gold prices edged higher on Friday and were on track for their best week in 15, as the dollar weakened on renewed speculation of an imminent pause in the U.S. Federal Reserve's tightening cycle.

International Markets:

USD: The dollar softened mildly against major peers ahead of the American opening on Thursday following a batch of softer-than-expected employment data which hinted at soft Nonfarm Payroll report this Friday. ADP nonfarm payrolls plunged to 179k, well off the estimate of 196k- the lowest level since May. Unemployment claims edged lower to 231k, but higher than the estimate of 226k. There was better news from the services sector, as ISM Non-Manufacturing PMI improved to 60.7, easily beating the estimate of 59.1 points. The week will end on a high note, with the US releasing the Nonfarm Payroll report, unemployment and wage data. The US economy is expected to have added last month 205K new jobs, while the unemployment rate is seen steady at 3.7%. Wages are foreseen up by 3.1% YoY.

GBP: The sterling hit a daily high of \$1.2810 amid broad dollar weakness and with Brexit concerns being put aside ahead of the key Parliamentary vote that will take place next Tuesday, and still got an intraday short-lived boost on some rumors making the rounds about the UK Cabinet having discussed the possibility of a second referendum or a softer Brexit if May's plan doesn't pass the Parliament, although the talks had no solid base and the spike was quickly reversed. This Friday, the Bank of England will release its Consumer Inflation Expectations for the upcoming 12 months, previously at 3.0%. Nevertheless, the market's reaction to the release is expected to be limited, with the focus on US employment data and risk-related factors. 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 \$1.2730 and resistance at \$1.2820.

EUR: The euro extended gains on Thursday, supported by a weaker dollar & clinching onto a short-lived spike to the \$1.1400 handle before pulling back in the late North American session. On the release front, German Factory Orders posted a gain of 0.3%, beating the forecast of -0.4%, which had no impact on the currency. For today, Germany releases Industrial Production, and the eurozone will publish jobless claims and Q3 GDP. The euro is likely to trade within a range with support seen at \$1.1320 and resistance at \$1.1420.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 102.10 | 103.20 | | | |
| GBP/KES | 130.60 | 131.70 | GBP/USD | 1.2770 | 1.2730 |
| EUR/KES | 116.30 | 117.50 | EUR/USD | 1.1375 | 1.1350 |
| INR/KES | | 1.4600 | AUD/USD | 0.7230 | 0.7225 |
| | | | USD/INR | 70.55 | 70.95 |
| | | | Commodities | | |
| | | | Gold | 1245 | 1245 |
| | | | Brent Crude | 59.68 | 61.09 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.343% | 7.342% |
| 182 Days | 8.239% | 8.242% |
| 364 Days | 9.573% | 9.564% |

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