

DAILY FX NEWSLETTER 10th December 2018

Local Markets:

The Kenyan shilling strengthened against the dollar on Friday amid tighter liquidity conditions in the local money markets. USDKES opened at 102.40/102.70 and was trading at 102.30/102.60 by the afternoon session before edging down further to close at 102.25/102.55 for the day.

Top News:

- Global stocks extended their slump on Monday, with U.S. equity futures and Asian shares sliding on worries over slowing growth and fears that a fresh flare-up in tensions between Washington and Beijing could quash chances of a trade deal.

International Markets:

USD: The dollar was mixed on Friday after a disappointing US jobs report that showed the US labor market created 155K new jobs in November down from downwardly revised 237K in October. Headline non-farm payroll data missed the market estimate of 200K. At the same time, the US wages rose 3.1% over the year in November, unchanged from October this year while the US unemployment rate remained stagnant at 3.7% in November, meeting the market estimates. No major data is due for the buck today.

GBP: The sterling is trading around familiar waters near the \$1.2750 level, after touching an intraday low of \$1.2720 on Friday, despite broad dollar weakness across the FX board. The Brexit wheels continue to grind on as the clock runs down towards next Tuesday's critical Brexit vote in the UK's House of Commons, where British MPs will be giving a final yes or no vote on Prime Minister Theresa May's latest (and feasibly only) Withdrawal Agreement with the EU. The UK calendar is a heavy one for today with construction output figures, GDP, Industrial and manufacturing output figures and trade balance data lined up for release in the early European session. The sterling is likely to trade within a range with support seen at \$1.2700 and resistance at \$1.2780.

EUR: Demand for the single currency stayed subdued on Friday, navigating the \$1.1370/80 band, posting no reaction after final GDP figures in the euro area showed the economy in the region expanded 0.2% inter-quarter and 1.6% on an annualized basis in the July-September period. Germany's industrial production figures for October showed a decrease at -0.5% – down 0.7% increase on September's figures. The euro caught a bid in the late North American session after disappointing jobs data was released in the US, that triggered dollar weakness causing the pair to surge above the \$1.1400 handle. On the docket today is German Trade balance data. The euro is likely to trade within a range with support seen at \$1.1390 and resistance at \$1.1480.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.00	103.10			
GBP/KES	130.30	131.40	GBP/USD	1.2750	1.2770
EUR/KES	116.80	117.90	EUR/USD	1.1435	1.1375
INR/KES		1.4450	AUD/USD	0.7220	0.7230
			USD/INR	71.25	70.55
			Commodities		
			Gold	1255	1245
			Brent Crude	61.98	59.68

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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