

DAILY FX NEWSLETTER

11th December 2018

Local Markets:

The Kenyan shilling traded within a narrow range of 102.30/102.70 throughout the day on Monday as flows remained well matched through the session.

Top News:

- Chinese shares pulled ahead on Tuesday after Beijing confirmed it was still in trade talks with the United States, though overall sentiment remained fragile in Asia as the pound wallowed near 20-month lows on deepening political turmoil over a Brexit deal.

International Markets:

USD: The greenback regained positive traction on the first trading day of the week and the uptick was primarily supported by renewed selling around the British Pound, and persisting risk-off action on the global stocks boosted the safe-haven demand for the US currency. The gains, however, remained capped in wake of growing speculations over a possible pause in the Fed rate hike cycle in 2019. Markets await high impact PPI and core PPI data in the US today.

GBP: The sterling crashed to \$1.2505 at the beginning of the US session, a level last seen in April 2017, as UK PM May's leadership came again under scrutiny after she decided to pull out the Brexit deal from the Parliament and rush back to Brussels, trying to get a deal that has chances to pass the Commons; a move that has stoked more uncertainty as Britain now faces Brexit without a deal, a last-minute agreement or another EU referendum. Adding fuel to the fire, UK data released this Monday was extremely disappointing, as Industrial and Manufacturing Production plunged in October, much worse than expected, while the monthly GDP estimate on economic growth printed 0.3% for the 3-month to November, below the previous 0.4%. The UK will release this Tuesday its latest employment data. The sterling is likely to trade within a range with support seen at \$1.2540 and resistance at \$1.2620.

EUR: The euro extended its retreat from two-week tops near \$1.1440 region and slipped below the \$1.1400 level after the sentiment around the Euro was badly hit by awful Eurozone Sentix investor confidence numbers. The pair dropped to 1.1355, after gauge slumped to -0.3 in December vs. 8.3 expected. The reading fell into negative territory for the first time since December 2014. For today, investors look out for the German ZEW economic sentiment figures for further direction. The euro is likely to trade within a range with support seen at \$1.1350 and resistance at \$1.1420.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	102.05	103.15			
GBP/KES	128.60	129.70	GBP/USD	1.2580	1.2750
EUR/KES	116.15	117.20	EUR/USD	1.1370	1.1435
INR/KES		1.4470	AUD/USD	0.7205	0.7220
			USD/INR	72.15	71.25
			Commodities		
			Gold	1252	1255
			Brent Crude	60.16	61.98

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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