

DAILY FX NEWSLETTER

9th January 2019

Local Markets:

The Kenyan shilling was stable against the dollar on Tuesday supported by inflows from diaspora remittance amid high liquidity in the local money market. USDKES traded within a tight range of 101.70/102.10.

Top News:

- Asian shares climbed to a 3 ½ week high on Wednesday, while oil prices rose 2%, supported by growing optimism that the United States and China can strike a trade deal to avoid an all-out confrontation that would severely disrupt the global economy.

International Markets:

USD: The dollar eased against major peers in early trade on Tuesday, amid expectations of a pause in the U.S. rate hike cycle and as hopes of progress in the Sino-U.S. trade dispute spurred a risk-off sentiment. The US FOMC's latest Meeting Minutes will be dropping later today, which is expected to be followed by a live, off-the-cuff press conference with Fed head Jerome Powell shortly thereafter. With no hard data on the docket, geopolitical matters and central bank posturing will be determining the greenback's direction heading into the second half of the week.

GBP: The sterling continues to spiral around the \$1.2750 level heading into the mid-week as global markets continue to lean towards the risk-on side, while broader markets await trade talk conclusions. Brexit continues to weigh on the Pound, keeping the Cable under wraps despite recovering risk appetite, and sterling traders will be buckling down ahead of the UK's House of Commons vote on January 14th, where Prime Minister Theresa May's much-despised Brexit withdrawal agreement will finally face the UK's parliament, which is almost guaranteed to axe the deal, even if that means dedicating Britain to a path towards a hard Brexit. The economic calendar delivers a pairing of central bank action for the Cable today, but not until much later in the day, with a speech from the Bank of England's (BoE) Mark Carney. The sterling is likely to trade within a range with support seen at \$1.2700 and resistance at \$1.2780.

EUR: The selling pressure picked up pace around the shared currency, forcing the euro to drop and print fresh daily lows in the \$1.1425/30 band despite positive news from the US-China trade talk that spurred the sentiment in the risk-associated space. Data wise in Euroland, German Industrial Production sunk 1.9% in November from a month earlier, while Business Climate in the bloc dropped below estimates to 0.82 for the last month. Data for today consists of the German Trade Balance and Eurozone unemployment rate. The euro is likely to trade within a range with support seen at \$1.1420 and resistance at \$1.1510.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.50	102.50			
GBP/KES	129.50	130.50	GBP/USD	1.2740	1.2790
EUR/KES	116.35	117.50	EUR/USD	1.1460	1.1470
INR/KES		1.4550	AUD/USD	0.7155	0.7160
			USD/INR	70.45	70.08
			Commodities		
			Gold	1283	1282
			Brent Crude	59.36	57.44

T-Bills Rates:

Duration	Current	Previous
91 Days	7.316%	7.342%
182 Days	8.997%	9.002%
364 Days	10.011%	9.952%

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