

DAILY FX NEWSLETTER

10th January 2019

Local Markets:

The home currency firmed against the dollar on Wednesday, opening at 101.80/102.10 and closing at levels of 101.70/102.00 after the CBK mopped up excess shilling liquidity in the money markets.

Top News:

- Oil prices fell by about 1 percent on Thursday on swelling U.S. supply and amid a cautious reaction to trade talks between the United States and China, the world's two largest oil consumers, that finished without concrete details to ending their dispute.

International Markets:

USD: The dollar tumbled on Wednesday to its lowest level since October after the Federal Reserve expressed caution about future rate hikes, and as investors reduced safe-haven bets due to optimism about U.S.-China trade talks. A nasty surprise for dollar bulls came by the hand of Atlanta Fed's head Bostic, who said that rates could go in "either direction," putting a rate cut on the table for the first time ever since the Federal Reserve began its tightening cycle back in December 2015. The minutes added to those comments as it showed that many policymakers considered the Fed could afford to be patient about more tightening given muted inflation pressures. The US releases Goods trade balance, initial jobless claims and new home sales data today.

GBP: The pound was slightly higher, shuffling feet near recent peaks at \$1.2780, getting a minor boost in early North American trade from the prevalent US dollar selling bias after the Fed minutes were released. However, the upside remained capped amid persistent uncertainties surrounding Britain's exit from the European Union as the chances of British Prime Minister Theresa May's Brexit deal being passed were slim. The data docket remains empty for today and the sterling is likely to trade within a range with support seen at \$1.2740 and resistance at \$1.2830.

EUR: The common currency benefitted with the Fed news, hitting \$1.1540 against the greenback ahead of the release of the latest FOMC Meeting Minutes, despite local data released earlier in the day which was, once again, little encouraging. The German trade surplus was up to €19.0B in November, while exports and imports posted sharp monthly declines of 0.4% and 1.6% respectively. The EU unemployment rate fell to 7.9% in November, vs. an expected up-tick to 8.1%, its lowest in over a decade. Today's data calendar is a no show for the EU and the euro is likely to trade within a range with support seen at \$1.1520 and resistance at \$1.1600.

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	1.2790	1.2740
EUR/KES	116.35	117.50	EUR/USD	1.1560	1.1460
INR/KES		1.4550	AUD/USD	0.7190	0.7155
			USD/INR	70.56	70.45
			Commodities		
			Gold	1296	1283
			Brent Crude	60.84	59.36

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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