

DAILY FX NEWSLETTER

14th January 2019

Local Markets:

The Kenyan shilling traded within a range against the dollar on Friday, with markets opening at 101.60/101.90 and moving to trade at 101.65/101.95 on the backing of increased dollar demand. The pair then closed at the same levels for the day.

Top News:

- Asia Pacific markets started off the trading week mostly on the back-foot as investors reacted to Chinese government data, which revealed China's December exports and imports fell unexpectedly, deepening concerns of a slowdown in the world's second-largest economy as Beijing's trade war with the U.S. appeared to be taking a toll.

International Markets:

USD: The dollar rose against most of its peers on Monday, although heightened investor expectations that the Federal Reserve will not raise rates this year are most likely to cap the greenback's gains. On the data-side, US inflation figures tracked by the CPI during the last month of 2018 came in in line with previous forecasts. Headline CPI dropped at a monthly 0.1% and rose 1.9% from a year earlier. Additionally, CPI stripping food and energy costs rose 0.2% MoM and 2.2% over the last twelve months. Today's data calendar remains empty with only Fed Chair Powell testifying in the American session.

GBP: The cable was mired by rising Brexit uncertainty that kept the currency pair trapped in a range of \$1.2700-1.2820. The unexpected twist in Brexit rhetoric toward a delayed Brexit or even No Brexit at all supported the Sterling at the end of the week, with the air surging to highs of \$1.2880, while increased patience in the US Federal Reserve's outlook for rates weighed on the US Dollar keeping Sterling supported. Monday brings little action on the economic calendar, but Tuesday's parliamentary vote on PM May's Brexit withdrawal proposal will see traders keeping a close eye on headlines today as they try to find a safe place to stand ahead of the almost-guaranteed washout of Prime Minister Theresa May's current withdrawal deal. The sterling is likely to trade within a range with support seen at \$1.2810 and resistance at \$1.2880.

EUR: The single currency faced some downside pressure, tumbling to the area of daily lows in the \$1.1480/75 band as positive momentum in the risk-associated complex also took a breather a breather. The Italian political scenario, upcoming discussions over the French budget and the palpable slowdown in German fundamentals in Q3-Q4 2018 should keep investors vigilant and could undermine extra gains in euro in the medium term. Today brings a low impact release with Eurozone industrial production data on the cards. The euro is likely to trade within a range with support seen at \$1.1440 and resistance at \$1.1530.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.35	102.25			
GBP/KES	130.40	131.50	GBP/USD	1.2845	1.2770
EUR/KES	116.50	117.60	EUR/USD	1.1475	1.1530
INR/KES		1.4450	AUD/USD	0.7190	0.7220
			USD/INR	70.75	70.40
			Commodities		
			Gold	1291	1293
			Brent Crude	59.87	61.53

T-Bills Rates:

Duration	Current	Previous
91 Days	7.200%	7.316%
182 Days	8.935%	8.997%
364 Days	9.958%	10.011%

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