

## DAILY FX NEWSLETTER

15<sup>th</sup> January 2019

### Local Markets:

The Kenyan shilling gained against the dollar on Monday helped by inflows from offshore investors buying government debt amid subdued oil importer demand for the dollar and high liquidity in the local money market. USDKES opened at levels of 101.60/101.90 and eased to session lows of 101.45/101.75 in the late afternoon session, before edging back to close at levels of 101.65/101.95.

### Top News:

- Oil prices fell on Monday after data showed weakening imports and exports in China, the world's second-largest oil consumer, raising the prospect of a slowdown in fuel demand.

### International Markets:

**USD:** The dollar weakened on Tuesday on heightened expectations the Federal Reserve will hold off on raising rates this year after a shock contraction in Chinese trade has fanned worries about a sharp global slowdown. In the US, the most relevant release will be December PPI, along with Trade Balance figures and NY Empire state manufacturing index.

**GBP:** The Sterling briefly surged to two-month highs of \$1.2930 against the dollar on Monday after a report, subsequently denied, that a pro-Brexit faction of MPs could support Prime Minister Theresa May's Brexit divorce deal in parliament. After touching its highest level since mid-November at 1.2930 with the knee-jerk reaction, the pair retreated slightly and was last seen trading at 1.2910. The pound will be in focus as British Prime Minister Theresa May must win a vote in parliament later on Tuesday to get her Brexit deal approved or risk a chaotic exit for Britain from the European Union. The sterling is likely to trade within a range with support seen at \$1.2870 and resistance at \$1.2950.

**EUR:** The demand for the European currency remained depressed on Monday and forced the euro to drop and test fresh lows in the mid-\$1.1400s. The EU released November Industrial Production, down 1.7% MoM and 3.3% YoY, more than doubling the market's forecast of a yearly decline of 1.4%. The macroeconomic calendar will be a bit more active this Tuesday, as the EU will release November Trade Balance, while ECB's head Draghi will testify before the European Parliament, in Strasbourg, on the central bank Annual Report. The euro is likely to trade within a range with support seen at \$1.1430 and resistance at \$1.1520.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	101.35	102.25			
<b>GBP/KES</b>	131.15	132.30	<b>GBP/USD</b>	1.2910	1.2845
<b>EUR/KES</b>	116.50	117.60	<b>EUR/USD</b>	1.1480	1.1475
<b>INR/KES</b>		1.4420	<b>AUD/USD</b>	0.7215	0.7190
			<b>USD/INR</b>	70.90	70.75
			<b>Commodities</b>		
			<b>Gold</b>	1290	1291
			<b>Brent Crude</b>	59.80	59.87

### 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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