

## DAILY FX NEWSLETTER

16<sup>th</sup> January 2019

### Local Markets:

The home currency traded mixed against the dollar on Tuesday, with the pair opening at highs of 101.65/101.95 and moving to 101.55/101.85 shortly after on subdued dollar demand in the market. USDKES traded stable at these levels through most of the afternoon session before making its way higher to close at 101.70/102.00.

### Top News:

- Asia Pacific markets traded mixed on Wednesday despite an overnight rally on Wall Street as investors sifted through fresh uncertainties surrounding the U.K.'s withdrawal from the European Union.

### International Markets:

**USD:** The dollar traded higher against a basket of major currencies Tuesday despite mostly negative U.S. data as a plunge in sterling ahead of a key vote on the UK's withdrawal agreement supported sentiment. Against the backdrop of an already softened US Dollar in the wake of pared rate hike expectations, Tuesday's producer price index did little to alleviate investor concerns as the index printed its sharpest month on month decline in over two years, dropping by 0.2%. The Empire State manufacturing index dropped sharply to 3.9 in January, down from 10.9, and missed expectation of 11.6- the lowest level in over a year. Today's docket is filled with high impact data for the greenback with Core Retail sales data, import/ export prices and Factory orders data all due in the NA session.

**GBP:** The British Pound was seen under notable pressure before suddenly staging a sharp recovery after parliamentarians voted 432-202 against May's deal, the worst parliamentary defeat for a government in recent British history. Just before the vote sterling was trading at lows of \$1.2675 against the dollar. As the totals were announced by the Speaker of the Parliament the pound shot higher reaching \$1.2895 before easing to \$1.2870. The opposition leader, Corbyn, has tabled a motion of no confidence that will be debated today. The calendar sees a raft of UK data releases, with the most significant being the publication of the yearly Consumer Price Index, followed by the publication of the UK Retail Price Index figures for December which are expected to increase. The sterling is likely to trade within a range with support seen at \$1.2830 and resistance at \$1.2920.

**EUR:** The Euro continued to depreciate versus a basket of peer currencies during Tuesday's sessions in the wake of disappointing German growth data which printed GDP at 1.5% for 2018, the lowest in 5 years and a significant moderation from 2017's 2.2% growth. The single currency encountered another selling wave in the NA session and broke below the \$1.14 handle, pressured by dovish remarks from European Central Bank Mario Draghi, who continued to call for monetary policy easing amid concerns about slowing global growth. No significant data releases are due out today. The euro is likely to trade within a range with support seen at \$1.1380 and resistance at \$1.1460.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.45	102.55			
GBP/KES	130.80	131.90	GBP/USD	1.2865	1.2910
EUR/KES	115.90	117.00	EUR/USD	1.1410	1.1480
INR/KES		1.4410	AUD/USD	0.7200	0.7215
			USD/INR	71.05	70.90
			Commodities		
			Gold	1289	1290
			Brent Crude	60.73	59.80

### 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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