

DAILY FX NEWSLETTER

18th January 2019

Local Markets:

The Kenyan shilling remained firm against the dollar and traded within a narrow range on Thursday, supported from inflows from diaspora remittances that offset dollar demand.

USDKES traded within a range of 101.60 and 101.90 through the day.

Top News:

- Oil prices rose on Friday after a report from the Organization of the Petroleum Exporting Countries (OPEC) showed its production fell sharply last month, easing fears about prolonged oversupply.
- U.S. stocks advanced on Thursday as hopes of a resolution to the trade dispute between the United States and China boosted industrial shares and lifted investor sentiment.

International Markets:

USD: The greenback was left flat in Thursday afternoon trade after first rising on a report that U.S. Treasury Secretary Steven Mnuchin had considered easing tariffs imposed on Chinese imports, then retracing those gains after his office denied the claim. The Philadelphia Fed reported its manufacturing index which rose to a reading of 17 in January from a revised 9.1 last month while the U.S. Department of Labor reported that initial jobless claims dropped by 3k to a seasonally adjusted 213k, beating economists' forecast for a drop to 216k. On the cards today is the Michigan Consumer Sentiment reading, along with Industrial Production data.

GBP: The cable rose to fresh highs on Thursday, floating near \$1.2980, extending recent gains on growing expectations that Britain can avoid a no-deal Brexit after EU chief Brexit negotiator Michel Barnier said he was open to a more ambitious relationship with the UK. Retail Sales data is slated for Friday morning, with December's annualized Retail Sales forecast to hold steady at 3.6%, but the decidedly mid-tier data is unlikely to drive much attention as markets remain focused on Brexit developments. The sterling is likely to trade within a range with support seen at \$1.2930 and resistance at \$1.3010.

EUR: The common currency remained on the defensive below the major \$1.1400 handle, and continues to be weighed down by concerns over a slowdown in the Euro-zone. This coupled with a modest US Dollar uptick further collaborated to the pair's ongoing retracement on Thursday. December's final Eurozone inflation rate was published yesterday, showing that inflation slowed from 1.9% to 1.6% as projected. The monthly figure also met expectations, improving slightly from a -0.2% contraction to a stagnant 0.0%. No data is slated for release today and the euro is likely to trade within a range with support seen at \$1.1350 and resistance at \$1.1430.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.30	102.40			
GBP/KES	131.60	132.80	GBP/USD	1.2980	1.2875
EUR/KES	115.50	116.70	EUR/USD	1.1390	1.1390
INR/KES		1.4360	AUD/USD	0.7195	0.7155
			USD/INR	71.10	71.25
			Commodities		
			Gold	1290	1291
			Brent Crude	61.77	61.00

T-Bills Rates:

Duration	Current	Previous
91 Days	7.134%	7.200%
182 Days	8.927%	8.935%
364 Days	9.953%	9.958%

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