

## DAILY FX NEWSLETTER

### 12<sup>th</sup> February 2019

#### **Local Markets:**

The Kenyan shilling lost some ground against its US counterpart on Monday as demand for the greenback from oil and merchant importers was seen exceeding remittances from the diaspora. USDKES opened at levels of 100.20/100.60 and was trading at 100.40/100.70 by the afternoon session where it then closed at the same levels for the day.

#### **Top News:**

- Asian shares edged up on Tuesday as investors hoped a new round of U.S.-China trade talks would help to resolve a dispute that's dented global growth and some corporate earnings.

#### **International Markets:**

**USD:** The dollar held steady versus its peers on Tuesday, hovering close to its 2019 high as U.S.-Sino trade tensions and global growth worries underpinned the greenback's safe-haven appeal. Although there were no macroeconomic data releases from the U.S. on Monday, a more-than-1% jump seen in the 10-year Treasury Bond yield allowed the dollar index to extend its rally to its highest level of 2019 at 97.12. Investors are focusing on high level trade talks in China as the world's two largest economies try to hammer out a deal before a March 1 deadline, after which U.S. tariffs on \$200 billion worth of Chinese imports are scheduled to increase to 25 percent from 10 percent.

**GBP:** The offered bias picked up pace around the Sterling following disappointing results from the UK docket, leaving the pair at lows of \$1.2850 during US trading hours on Monday. The kingdom released its preliminary Q4 GDP figures, up by 0.2% QoQ as expected, and by just 1.3% YoY, below the market's forecast of 1.4%. Industrial Production and Manufacturing Production were down in December by 0.9% and 2.1% respectively also missing analysts' forecasts. BOE's Governor Carney is scheduled to speak this Tuesday, about the economic outlook and global tensions while PM May will make a statement in the Parliament to update lawmakers on Brexit talks. The UK will also offer fresh Industrial and Manufacturing Production data, and the December Trade Balance. The pound is likely to trade within a range with support seen at \$1.2850 and resistance at \$1.2900.

**EUR:** The euro extended its daily decline in the NA session and touched its lowest level since late November at \$1.1267 as rising market demand for safe haven currencies like the US Dollar left the Euro tumbling. The pair quickly faded the initial bullish attempt to the \$1.1330 region and continued to grind lower amidst a tight range and alternating risk appetite trend, and amid a lack of fresh macro data in the euroland. The next data of relevance for the euro will be Wednesday's eurozone industrial production report. For today, the euro is seen trading within a range with support seen at \$1.1250 and resistance at \$1.1330.

#### **Indicative FX rates as at 8.30am:**

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	99.90	101.30			
<b>GBP/KES</b>	129.05	130.15	<b>GBP/USD</b>	1.2865	1.2935
<b>EUR/KES</b>	113.10	114.20	<b>EUR/USD</b>	1.1280	1.1325
<b>INR/KES</b>		1.4230	<b>AUD/USD</b>	0.7080	0.7095
			<b>USD/INR</b>	70.95	71.20
			<b>Commodities</b>		
			<b>Gold</b>	1312	1315
			<b>Brent Crude</b>	61.95	61.53

#### **T-Bills Rates:**

Duration	Current	Previous
91 Days	7.040%	7.061%
182 Days	8.567%	8.780%
364 Days	9.644%	9.856%

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