

DAILY FX NEWSLETTER

13th February 2019

Local Markets:

The Kenyan shilling gained ground against the dollar on Tuesday helped by remittances from offshore investors buying into government debt. USDKES opened at highs of 100.40/100.70 and the local unit managed to strengthen to levels of 100.10/100.40, where it closed for the day.

Top News:

- Oil prices rose on Wednesday as producer club OPEC said it had cut supply deeply in January and as U.S. sanctions hit Venezuela's oil exports.
- Asian stocks edged up to a more than four-month high on Wednesday, lifted by optimism that the United States and China might be able to hammer out a deal to resolve their nearly year-long trade dispute.

International Markets:

USD: The dollar edged lower versus its peers on Wednesday, as rising hopes of a breakthrough in U.S.-China trade talks led investors to put money into the euro and Asian currencies while Federal Reserve Chairman Jerome Powell played down the possibility of a recession in the United States, reiterating the U.S. economy is on solid footing which revived risk appetite in broader markets. At the data front, the US January month consumer price index (CPI) is likely to recover previous contraction of -0.1% with +0.1% on a monthly basis whereas yearly figure could soften to 1.5% from 1.9% registered during the last-month. Also, the Core CPI figure may remain unchanged at 0.2% on a monthly basis while likely softening to 2.1% from 2.2% YoY.

GBP: The cable trades in a positive territory near \$1.2900 against the US Dollar heading towards the European sessions on Wednesday. The sterling bounced off three-week lows on Tuesday amid speculations of a delayed Brexit whereas absence of additional dovish comments from the BoE Governor offered additional strength to the buyers. Looking forward, the January month consumer price index (CPI) for the UK will be getting immediate attention of the Pound traders. The headline CPI YoY is expected to take a step back to 1.9% from the 2.1% registered during the December last-year whereas monthly figure may slide into contraction region to -0.7% from +0.2% marked the previous month. The pound is likely to trade within a range with support seen at \$1.2870 and resistance at \$1.2950.

EUR: The euro staged a modest rebound on Tuesday, following a drop to its lowest level since mid-November at \$1.1255, taking advantage of broad-based USD weakness and changed its direction rising above the \$1.1300 handle. The only data on the cards today is Eurozone industrial production figures. The euro is seen trading within a range with support seen at \$1.1300 and resistance at \$1.1380.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	99.60	100.90			
GBP/KES	129.10	130.20	GBP/USD	1.2920	1.2865
EUR/KES	113.25	114.45	EUR/USD	1.1350	1.1280
INR/KES		1.4270	AUD/USD	0.7140	0.7080
			USD/INR	70.50	70.95
			Commodities		
			Gold	1315	1312
			Brent Crude	63.09	61.95

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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