

DAILY FX NEWSLETTER

14th February 2019

Local Markets:

The Kenyan shilling traded within a narrow range against the dollar on Wednesday as flows remained somewhat matched through the trading session. The pair was seen trading between 100.00 and 100.50 through the day.

Top News:

- Asian stock markets were in a cautious mood on Thursday as investors hung on for any hint of progress in the latest Sino-U.S. tariff talks amid reports the White House could extend the deadline for a deal.

International Markets:

USD: Strong risk appetite remained the main theme for Wednesday on trade optimism. The Dollar, however, stole the show in early US session with stronger than expected inflation data. While headline U.S. inflation logged its weakest pace in 1-1/2-years in January (1.6% yoy in January, down from 1.9% yoy) traders focused on the core price gauge, which was up for the third straight month (2.2% yoy, beating expectations of 2.1% yoy), giving the dollar some impetus. Traders now look ahead to Core PPI data as well as initial jobless claims data in the NA session.

GBP: The cable came under pressure in the European session after the data published by the UK's Office for National Statistics showed a more severe slowdown than expected in inflation. The UK CPI lagged behind 1.9% market consensus to 1.8% on a yearly basis whereas monthly figures shrank more than -0.7% forecast to -0.8%. Although the pair spiked higher on the back of Brexit headlines and turned positive on the day, the broad USD strength in the second half of the day forced the pair to turn south once again. Looking forward, a lack of British economics to publish puts higher emphasis on developments at the UK Parliament as PM May still tries hard to get her plan through parliament rather than tabling the delay. The pound is likely to trade within a range with support seen at \$1.2830 and resistance at \$1.2910.

EUR: Despite the latest leg up in the euro, fresh bids emerged near the \$1.1340, as the bulls remain wary amid a broad-based US dollar comeback. Recent downbeat Eurozone fundamentals continue to undermine the sentiment around the common currency, while the negative tone seen around the 10-year German bond yields could also cap the upside attempts. Meanwhile, on Thursday, major Eco stats including Gross Domestic Product (GDP) growth stats from Germany and the Eurozone, as well as Germany's January wholesale prices and the Eurozone's Q4 employment change projections will be published. The euro is seen trading within a range with support seen at \$1.1240 and resistance at \$1.1300.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	99.70	101.00			
GBP/KES	128.75	129.75	GBP/USD	1.2870	1.2920
EUR/KES	112.80	113.80	EUR/USD	1.1280	1.1350
INR/KES		1.4195	AUD/USD	0.7125	0.7140
			USD/INR	70.95	70.50
			Commodities		
			Gold	1311	1315
			Brent Crude	64.20	63.09

T-Bills Rates:

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

For further enquiries, kindly contact: Joseph Nyamache/Samia Kaur/Daniel Yegon, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.