

DAILY FX NEWSLETTER

15th February 2019

Local Markets:

The Kenyan shilling was broadly stable against the dollar on Thursday, drawing support from inflows by offshore investors buying government debt. USDKES opened at 100.15/100.45 and was stable at these levels through the morning session before gaining ground in the late afternoon session to close in at 100.10/100.40 for the day.

Top News:

- The steepest decline in U.S. retail sales since 2009 in December halted a broad rally in world stock markets on Thursday and pushed investors into the safety of government bonds.

International Markets:

USD: The greenback took a sharp knock and tumbled across the board in reaction to a big disappointment from the US monthly retail sales figures for December (delayed due to the government shutdown). Headline retail sales declined 1.2% m/m - the biggest drop since 2009, and the closely watched Retail Sales Control Group recorded its biggest monthly drop ever, falling 1.7% on a monthly basis. This coupled with an unexpected jump in the initial weekly jobless claims and mixed PPI report exerted some additional pressure on the buck. US import and export prices from January, as well as manufacturing and industrial production, and Michigan consumer confidence data, will be published during Friday's American session.

GBP: The sterling remained on the defensive for yet another session on Thursday, forcing the cable to the area of monthly lows in the \$1.2800 zone after Prime Minister Theresa May lost a symbolic Brexit vote in parliament, weakening her hand as she seeks to renegotiate her withdrawal agreement with Brussels. The pound failed to capitalize from a broad-based dollar selloff in the American session. Investors will now look forward for the January month release of the UK Retail Sales in order to determine near-term moves. The pound is likely to trade within a range with support seen at \$1.2760 and resistance at \$1.2830.

EUR: The single currency came under pressure in the early European session and slumped to mid-\$1.12s on disappointing growth data. The German economy stagnated on a quarterly basis in the fourth quarter and the annual growth rate slumped to 0.9% from 1.1%. Additionally, the GDP in the euro area expanded by 1.2% on a yearly basis in the fourth quarter to match the market consensus. Friday's session will see the publication of the Eurozone's December trade balance results. If the data impresses it could offer the Euro some support. The euro is seen trading within a range with support seen at \$1.1250 and resistance at \$1.1320.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	99.60	100.90			
GBP/KES	128.00	129.00	GBP/USD	1.2800	1.2870
EUR/KES	112.85	113.85	EUR/USD	1.1290	1.1280
INR/KES		1.4120	AUD/USD	0.7090	0.7125
			USD/INR	71.24	70.95
			Commodities		
			Gold	1315	1311
			Brent Crude	64.95	64.20

T-Bills Rates:

Duration	Current	Previous
91 Days	7.016%	7.040%
182 Days	8.483%	8.567%
364 Days	9.551%	9.644%

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