

DAILY FX NEWSLETTER

3rd December 2019

Local Markets:

The Kenyan shilling was under pressure on Monday as strong dollar demand by merchandise importers outstripped inflows from non-governmental organizations.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 102.40 | 102.90 | | | |
| GBP/KES | 132.30 | 133.20 | GBP/USD | 1.2945 | 1.2928 |
| EUR/KES | 113.20 | 114.00 | EUR/USD | 1.1080 | 1.1030 |
| INR/KES | | 1.4460 | AUD/USD | 0.6850 | 0.6785 |
| | | | USD/INR | 71.55 | 71.61 |
| | | | Commodities | | |
| | | | Gold | 1460 | 1458 |
| | | | Brent Crude | 61.06 | 61.34 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.162% | 7.131% |
| 182 Days | 8.204% | 8.215% |
| 364 Days | 9.800% | 9.804% |
| | | |

Top News:

- Asian shares tumbled on Tuesday after U.S. President Donald Trump stunned markets with tariffs against imports from Brazil and Argentina, recharging fears about global trade tensions, while weak U.S. factory data added to the investor gloom.
- Oil prices rose for a second day on Tuesday as Saudi Arabia, the de facto OPEC leader and the world's biggest oil exporter, is pushing producers to deepen a supply cut agreement when suppliers meet this week, potentially lowering supply in 2020.

International Markets:

USD: The dollar climbed, and Asian currencies moved sideways on Tuesday morning in Asia after US President Donald Trump announced plans to reinstate steel and aluminum tariffs on Brazil and Argentina. The announcement followed the release Monday in the US of new data from the Institute of Supply Management (ISM) which noted that manufacturing activity there contracted in November.

GBP: GBP/USD bounces off 10-day SMA, stays inside the six-week-old symmetrical triangle. An upside break of the triangle needs validation from 1.3000 psychological magnet. While holding tightly above the 10-day Simple Moving Average (SMA), GBP/USD takes the rounds to 1.2940 during Tuesday's Asian session. Even so, the pair remains inside a multi-week-old triangle formation.

EUR: EUR/USD printed biggest single-day gain in 2.5-months on Monday. The uptick has neutralized the immediate bearish setup. A breakout, however, may remain elusive due to the US-France trade tensions. EUR/USD jumped 0.58% on Monday, printing its biggest single-day rise since Sept. 17. Monday's sharp rise to a 12-day high of 1.1090 has neutralized the immediate bearish setup.

INR: USD/INR initially dropped to 21-day EMA but is now witnessing a pullback. Broad USD weakness confronts the trade/political pessimism. RBA is expected to announce another rate cut on Thursday. The USD/INR pair's initial declines to 21-day Exponential Moving Average (EMA) fails to last long as the quote recovers to 71.62 amid the initial hours of the Indian trading session on Tuesday.

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, 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.