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MONEY TRANSFER COSTS SET TO FALL AS SAFARICOM, TELKOM LINK UP

Cross-network money transfer charges between Safaricom and Telkom Kenya is set to drop by up to 76% as the two (2) are set to integrate their mobile phone accounts on Thursday. Telkom Kenya T-kash and M-pesa customers will send and receive money directly across networks into their mobile money accounts in the second phase after linking M-pesa and Airtel money in the first phase.

Sending KShs.1000 from T-Kash to M-pesa to dropby 71% from the current price of Kshs.45 to Ksh.10 while sending similar amount from M-pesa to T-Kash is also expected to drop by a margin of 76% from the current KShs.45 to Kshs.11. Cross network transfer cost for registered users within the two (2) networks will drop from a band of between Kshs.35 and Kshs.309 to a low of KShs.10 and a maximum of Kshs.105.

MOBILE DEALS CROSS KSHS.1 TRILLION MARK

Quarterly mobile payments have for the first time crossed the KShs.1 trillion mark shimmering recovery in economic activity amid increasing adoption of e-commerce channels. The mobile payment saw deals worth nearly KShs.1.009 trillion being settled in the three (3) months through September, KShs.112.78 billion more compared to similar period in 2017 when investment were hurt by dragged presidential contest.

Latest data from CBK indicate average record of KShs.10.97 billion was transacted daily via mobile money platforms such as M-pesa in the July-September 2018 period compared with KShs.9.74 billion a year earlier. Cumulative mobile cash transfer deals in nine (9) months ended September hit KShs.2.29 trillion a growth of KShs.221.64 billion equivalent to 8.18%.

SAFARICOM TARIFFS RISE IN LINE WITH NEW TAXES

Telecoms giant operator Safaricom has increased data, voice call and SMS tariffs costs passing on the 15% excise duty tax imposed by the government to consumers. Safaricom in a statement said it had raised the cost of calls by 30 cents, and SMS by 10 cents. Additionally, they have also reviewed prices for mobile data bundles, building and home fibre to reflect the 15% excise duty on internet services. The monthly cost of internet on Safaricom platinum and platinum plus package went up by KShs15,000 to KShs11, 499 respectively. Its gold and gold plus packages increased by KShs.700 to KShs.5,699 and KShs.6,699 per month respectively.

The move puts Safaricom in pace with Zuku and Jamii Telecommunication Limited (JTL) who recently increased the cost of their data and call service. Zuku customers on the KShs.3,500 package were slapped with a KShs.499 increase to KShs.3,999 per month. Those on the KShs.4,198 and KShs.5,000 will now pay KShs.4,598 and KShs.5,600 respectively.

AIRTEL, TELKOM JOINS SAFARICOM IN EFFECTING EXCISE TAX ON MOBILE FEE

Telecommunication firms Airtel and Telkom Kenya have raised their call and messaging rates by 30 cents and 10 cents respectively matching the increase Safaricom implemented on mobile charges. The government in the Financial Bill increased excise duty on mobile services to 15% up from 10% while introducing a 15% levy on internet services.

KRAS'S PLAN TO OBTAIN TELECOM DATA SPARKS ROW

Kenya Revenue Authority announced on Monday 1 October, that they are planning to mine data from hospital payrolls, National construction Authority records and telecoms in an ongoing crackdown on tax cheats in order to curb any tax irregularities present in the system. The taxman currently is facing a difficult task of raising enough revenue required to finance the President's Budget of KShs.2.97 trillion.

K.R.A are hoping to get useful information that will boost their revenue collection quest and assist them to net an additional 500,000 taxpayers whom they expect to collect approximately Kshs.60 billion in the current year. Mr. Njiraini said the plan requires the agency to acquire information through access to key database in both private and public sector.

KRA TO FACE DRAWBACK IN TAXING NON-CASH BETTING REWARDS

Analyst warn that the Kenya Revenue Authority will find it difficult in collecting the 20% tax on Kenyans who win non-cash rewards such as land, houses and vehicles through betting. Consultancy firm KPMG said the new law demands gaming companies withhold a fifth (1/5th) of the sum won by punters to be remitted to the taxman. The senior manager at KPMG says there is an issue on how practical the tax is because if the company running the promotion cannot include paying tax on the winner's behalf as part of the package, then the winner will have to sell the price won to pay the tax or generate the tax money from elsewhere.

DISIEL AND KEROSENE PRICES INCREASE

The prices of diesel and kerosene have increased by KShs.1.60 and KShs.0.43 respectively according to latest reviews by Energy Regulatory Commission while that of super petrol has reduced by KShs.1.06 per litre. Motorists in Nairobi starting 15th October will have to pay KShs.115.73 per litre of super petrol from Kshs.116.97 while diesel will cost KShs.109.72 from Kshs.108.12. Kerosene, which is mostly used by low-income homes for lighting and cooking increased from KShs.108.41 per litre to KShs108.84. The set prices are expected to run for a month until November 14 when the ERC adjusts them.

PRICE OF PAINT TO RISE DUE TO INCREASED PARAFFIN TAX

Increased cost for kerosene is expected to increase the price of paints, resins and shoe polish to Kenyans leading to more pressure on housing and furniture costs. The 8% VAT tax imposed by the government and the adulteration fee of KShs.18 per litre of kerosene has seen retail price of paraffin jump to KShs.108.41 up from KShs.84.95. crown paints Kenya in a statement said the increased prices has led to a 10% rise in on their production costs thus forcing them to increase paint prices by at least 8% starting from next week (week 42).

NEW TAXES CUT KEROSENE CONSUMPTION BY 75%

Kerosene consumption according to Energy Regulatory Commission (ERC) has dropped by 75% following the increment of KShs.18 per litre introduced on the fuel last month. The ERC attributed the reduction in consumption of Kerosene to the reduced demand from unscrupulous traders who were using the commodity to adulterate petrol and diesel to increase their profit margin.

MANUFACTURERS SEEK CUT IN IMPORT TAXES

Manufacturers have called for the scrapping of rail development (RDL) and import declaration (IDL) levy that was introduced to help finance upgrade of the rail network. Manufacturers want these levies removed to enhance competitiveness of locally processed products in the export markets. Kenya Association of Manufacturers (KAM) chairman Mr.Sachen said the 2.5% tied to consignment cost as well as the 2% RDL has edged out Kenyan-made goods off the global market. He went on to say that imported raw materials are hardly taxed in other countries where manufacturers enjoy generous incentives that enable them to be globally competitive.

NAIROBI GOVERNOR SET TO HIT AD FIRMS HARD WITH NEW COUNTY TAX

Advertisers are set to pay KShs.3 million on fines for putting up a billboard on road reserves within the capital city according to latest plans by the Nairobi governor. The introduction ofthe new fine is part of proposed charges, through which the country expects to plug in KShs.7 billion budget gap deficit. The plan also seeks to increase parking fees by 33% to KShs.400 from the current KShs.300 per day.

If the bill is passed, firms will be fined KShs.100, 000 to bring down billboards and KShs.6000 to remove every light box put on street poles before the county receives its dues. Besides the firms, city residents will also be slapped with higher charges such as KShs.100 every month for garbage collection for slum dwellers, KShs.300 for those living in estates and KShs.500 for those in up-market homes. City hall collected KShs.8.8 billion in the period to June which is equivalent to 10%,afall from KShs.9.8 billion generated in a similar period last year.

PRESIDENT UHURU ORDERS POWER TARIFFS REVIEW FOR SMALL FIRMS

Mr. Kenyatta gave a directive at Strathmore business school where there was a two (2) day forum for SME's who said high cost of power was a major challenge to their efforts to scale up business, later on the President directed the Energy cabinet secretary to review electricity tariffs within one (1) month and come up with a suitable plan to ensure the cost of power to small and medium-sized enterprises is brought down.

SME POWER BILLS SET TO FALL 12.4 %

The Energy Regulatory Commission is finalizing a tariff revision that will see the Small and medium enterprise starting to buy power at KShs.21.95 per Kilowatt hour (kWh) which is down by 12.48% from the current rate of KShs.25.08 per unit. The Energy cabinet secretary Mr. Keter said the current tariff revision was necessary aftertheAugust review, which wrongfully lumped most of the SMEs together with middle class household consumers. The President however, ordered a reduction on the cost of electricity for the SME sector which employs 75% of the national workforce.

PRICE OF TIMBER AND FURNITURE SET TO RISE BY 36%

The price of timber and furniture is set to rise by 36.18% and 11.73% respectively after being triggered by the logging ban. According to Kenya National Bureau of Statistics (KNBS), producer price index (PPI) for quarter three, acute shortage of logs hit saw millers' ability to meet demand from builders, carpenters and block-board manufacturers. This helped push up prices by 24% in the past three (3)months. The PPI also showed manufactures of paper products experience a

7.72% cost rise in the last one (1) year, with the last three (3) months accounting for a 3.46% rise.

CBK TARGETS MORE COVER FROM IMF DESPITE RECENT FALLOUT

Central Bank of Kenya in a statement said the Country will still engage the International Monetary Fund (IMF) for a precautionary facility despite the "adequate" 5.6 months import cover fallout. Latest data from CBK puts reserve at $8.507 billion as at September 20, being an equivalent of 5.6 months import cover. According to CBK, this is a comfortable position when compared to the minimum target of 4 months or even the East African Community's benchmark of 4.5 months.

CENTRAL BANK CAUTIONS SHORT-TERM DEBT RISKY

Central Bank of Kenya has cautioned the National Treasury to negotiate in refinancing short-term domestic debt after maturity fell sharply to below five (5) years from a high of 8.4 years in 2011.

CBK noted that domestic debt continued to shorten posing potential rollover risks in the medium term if the trend is not reversed.

This means that CBK sees increased possibility of government having to mitigate the impact of debt repayments by negotiating for a series of refinancing given that the current profile is below its own targets. Short average maturity implies high refinancing risk through pressure on interest rates and liquidity.Refinancing risk arises when the debt issuer is unable to successfully take in new debt at sustainable market rates to offset maturing debt. This may occur when there are competing instruments that offer better return, forcing higher rates to compensate for potential losses.

CENTRAL BANK TIPPED TO SLOW DOWN THE PACE ON MONETARY EASING

The Central Bank of Kenya (CBK) has been tipped by economists at Commercial Bank of Africa (CBA) to go slow on monetary easing saying improved economic growth is giving the regulator head room to adopt a tighter stance to fight prices increases. The CBK has made two cuts on the benchmark lending rate this year a 0.5% point chop in march to 9.5% and similar cuts in July to the current 9% both being informed by benign inflation, stable exchange rates and need to spur private sector lending to boost the economy. The country headline inflation last month rose to a 1-year high of 5.7% from 4.04% in August due to the effect of newly introduced VAT on petroleum products.

INTERBANK LENDING RATE DECLINES TO 3-MONTHS LOW

The Interbank rates have fallen to a 3-months low indicting liquidity in the money markets. Latest CBK data shows banks are borrowing from each other on emergency basis at 3.46% which matches the lowest rate seen since mid-July. According to Genghis capital, the average interbank rates decline is attributed to improved liquidity condition on increased government payments. The ample liquidity in the market has the potential of putting the shilling under pressure in the short term due to the demand and supply laws.

CENTRAL BANK PAYS OVERDRAFT AS CASH INFLOW IMPROVES

The Treasury paid down its CBK overdraft of KShs.36.3 billion in the first week of October an indication that the government's cash position has improved amid higher inflows from the sale of securities in the market. According to CBK data, the Treasury has also significantly cut the load of debt classified as 'other domestic debts' which had spiked sharply during the week ending September 28 from KShs.31.7 billion to KShs.168.5 billion has been reduced to KShs.31.7 billion. Net result of the debt pay-out is a fall in total out-standing domestic debt by KShs.27 billion to KShs.2.514 trillion.

RAPID DEBT PILE RAISES KENYA'S DEFAULT RISK LEVEL

The International Monetary Fund (IMF) has raised its assessment of the country's external debt distress from low to moderate, citing the continued stack of debt at a faster rate than revenue growth and export earnings. IMF in a report released on 24th October says, three (3) external debt indicators (external debt service-to-export ratio, external debt service-to-revenue ratio and the present value of external debt-to-export ratio) have been breached for an extended period of time under the most extreme shock. The Treasury's annual public debt management report shows that KShs.1.47 trillion which is equivalent to 71.7% of the country's external debt stock of KShs.2.43 trillion was in dollars by the end of June 2018. Dollar denominated loans accounted for 32.3% of total external debt in 2013 which at the time stood at KShs.843.6 billion

KENYA FACES COSTLIER DEBT FINANCE

Kenya's debt repayment from next year is likely to expose the country to higher interest particularly if the global loan market conditions tighten and the currency depreciates. The Treasury Secretary Henry Rotich has budgeted Kshs.870.62 billion to pay off maturity domestic and external debt and accrued interest in the current year. Kenya's total public debt stood at KShs.5.04 trillion at the end of June 2018, a growth of 14.3% over KShs.4.41 trillion.

INTEREST PAYMENTS ON PUBLIC DEBT INCREASE BY 18%

Interest rate paid on Kenya's public debt rose past KShs.300 billion in the year to June 2018, highlighting steep cost of servicing the country's debt which has crossed the KShs.5 trillion. The Treasury's annual public debt management report shows that the taxpayer paid KShs.321.2 billion for both domestic and external debts for the 2017/2018 financial year which resulted to an 18.4% increase on the KShs.271.2 billion in interests paid in the previous year. Foreign debt interest payment stood at KShs.81.7 billion in the period representing a 40% increase, while domestic debt interest rose by 13% to KShs.239.5 billion. Total debt service which includes interest plus principal amount amounted to KShs.459.5 billion up by KShs.150 billion compared to the year ending June 2017.

DEBT REPAYMENT DOUBLES IN 3-MONTHS

Debt repayment doubles to KShs.153 billion in this year financial period compared to the same period in 2017 highlighting the increasing burden on taxpayer. The Treasury released KShs.153 billion to settle the country's loan in the period between July and September compared to only KShs.75.3 billion in the same period last year according to data published by National Treasury last week. By comparison KRA only managed to grow tax collection by 3.7% over the period from KShs.317.4

billion to KShs.329 billion in the 1- quarter of financial year. This means that debt repayment alone consumed 46.5% of taxes collected by KRA in the first quarter of 2018/19 adding to a pile of recurrent expenses that have muted development over the years.

INVESTORS BLAME TAXES FOR FOREIGN EXITS AT THE BOURSE

Nairobi Security Exchange (NSE) investors say government taxes and policies have led to exit of foreign investors leading to loss of the market capitalization and fall of the benchmark index. Stake holders told an investor relations conference in Nairobi that there was no adequate engagement and consultation by the government when they introduced the taxes such as the capital gain and Robin Hood tax. Investors now have to pay tax on bank transfers on buying from brokers and when getting paid by the intermediaries at 20% on bank transactions cost.

TAX ON EXEMPT BONDS TO CUT DEMAND

Corporates are likely to cut investment in tax-exempt bonds since the Finance Act 2018 provides that any form of payment to shareholders be subjected to taxation. He went ahead to add that when a company earns interest, the interest is not subjected to tax when it comes to computing tax liability, but when it distributes the interest to shareholders, it will first have to pay 30% income tax on interest which is a tax on the distribution of untaxed income to shareholders. The policies set, are said to dampen company's appetite for infrastructure bonds, since it will be beneficial for one to invest in such bonds as an individual and get the tax exempt return.

FOREIGN INVESTORS FORTUNES FALL ON THE NSE

Nairobi Security Exchange foreign investors' fortunes fell sharply in the past one (1) month as dollar denominated returns turned negative with the fall in share prices and a slight weakening of the shilling according to latest market data. Market analysis performed by African alliance shows that by the end of September, annualized dollar return on the FTSE NSE 15 index stood at 13.2% compared to 7.2% in August. The FTSE NSE index is normally used to track the performance of the 15 largest firms at the NSE by market capitalization.

NSE BOND MARKET IS THE CAUSE OF HIGH INTEREST RATES

The World Bank says Nairobi Security Exchange bond market is the cause of the high interest rates. According to their data, Kenya spends three (3) times more to service domestic debt compared to external debt due to lack of transparency in the NSE secondary bond market. The total debt stock as of June 2018 had risen to KShs.5 trillion with the split between external and domestic debt in the total debt stock at 51:49 but, domestic debt attracts higher cost compared to external debt. According to WB, Kenya needs a more well-developed secondary market even though it is trying at the moment but there is need for more transparency and visibility if it's to win the confidence of foreign investors.

NSE BOND TRADES FELL BY 22%

The secondary bond market turnover at the NSE fell by 22% in the third quarter of the year compared to the second quarter. The down trade is as a result reduced liquidity in the market and low supply of the preferred shorter-term paper in the market. Data received from NSE shows the market traded KShs.123 billion bonds during the quarter down from KShs.150 billion in the second quarter of the year. The turnover for the year-to-date is also trailing 2017 standing at KShs.339 billion for the 9 months to September against KShs.344.5 billion for a similar period last year.

1-YEAR BILL LIFTS UPTAKE AT AUCTION

The uptake of the one-year government paper increased the subscription of Treasury bills at the weekly auction recording a 120.87% performance rate up compared to previous week record of 85.9%. The 1-year paper posted performance of 185.30% after receiving bids of KShs.18.52 billion against an offer of KShs.10 billion while the CBK accepted KShs.15.11 billion. The action attracted bids worth KShs.29 billion against set offer of KShs.24 billion with CBK accepting KShs.23.44 billion worth of bids received. The yield for 91-day, 182-day and 364-day tenors fell by 0.9 basis points (bps), 5.6bps and 3.2bps respectively. Treasury bill yields have continued to maintain the downward trajectory. They expect inflationary pressures stocked by the fuel VAT, may see upward reversal in the yield movement in the last quarter.

TREASURY BILLS TO RECEIVE A MUTED RECEPTION AT THE AUCTION

The treasury bills subscription dropped at the weekly auction to post an overall performance of 63.71% weighted down by the 182-day and 364-day tenors. The performance was attributed to the ongoing primary bond sale and some segments of the banking sector that experienced tighter liquidity, clipping the appetite for the securities. CBK received bids worth KShs.15.28 billion during the auction against an offer of KShs.24 billion. The CBK accepted KShs.15.18 billion. Yields have fallen off 215 basis points (bps) and 154bps on the 182-day and 364-day tenors respectively to their current single digit level on a year-to date basis.

KSHS.15 BILLION BOND ISSUE HITS T-BILLS UPTAKE

The half-successful primary bond auction last week reduced the uptake of short-term government securities that posted overall performance of 51.54% weighed down by all the three tenors. CBK received total bids of Kshs12.36 billion against offers of KShs.24 billion with the banker accepting KShs.12.04 billion. Weighted average of interest rate of accepted bids came in at 7.507%, 8.450% and 9.579% for 91-day, 182-days and 364-day treasury bonds respectively. The 91-day paper received bids worth KShs.3.82 billion against an offer of KShs.4 billion a 95.75% performance with CBK accepting KShs.3.78 billion.

FOREIGN FIRMS TO BE DISQUALIFIED FROM TENDERS BELOW KSHS.1 BILLION

Foreign firms will be disqualified from bidding for government tenders whose values are less than KShs.1 billion if Members of Parliament approve a bill sponsored by Mathira MP seeking to increase participation of local firms in state projects. The bill was proposed as a result of raised concerns by central Kenya MPs over the heavy presence of Chinese contractors in the economy. Mr. Rigathi wants contracts whose value is less than KShs.1 billion reserved for Kenyan companies and external contractors should only be awarded this contracts in the event where local firms do not qualify.

SHILLING BOOSTED BY DROP IN CURRENT ACCOUNT DEFICIT

The current account deficit narrowed by a third (1/3rd) in the quarter to June compared to a similar period last year, a signal that showed the Kenyan currency less exposed to vagaries of global markets. The deficit which mostly indicates the import-export gap stood at KShs.85.8 billion in June down from KShs.130.4 billion in the quarter to June 2017 according to data received from Kenya National Bureau of Statistics (KNBS).The KNBS attributed the change to increase in the value of service and income accounts. The net surpluses in the service and secondary income accounts contributed significantly to the narrowing of the current account deficit.

SHILLING DROPS TO 101 AGAINST THE US DOLLAR

The Kenya Shilling dropped against the dollar in the past week to, on average, cross the 101 level as demand for importers and sufficient liquidity in the market balanced out inflows from the Diaspora. In Interbank market, lenders traded the shilling at an average of 101.10 in the afternoon of 23rd October, which is an increase, compared to an average of 100.90 a week ago. The stability of the shilling has gone against African currency trends weakening against the dollar this year. Since January, the US Dollar has gained 2.2% on the greenback.

IMF ABSENCE EXPOSES SHILLING

Analysts have cautioned the absence of precautionary IMF cover will expose the shilling to negative investor sentiment which can result in volatility in the unit. Analyst at risk and research firm Stratlink Africa say the shilling also faces headwinds of capital flight from emerging and frontier markets to the US due to the rising US interest rates. In week 41, the Shilling was exchanging at an average of 100.90 to the dollar well within the range of 100.80/101.15 that it has held in the past month following the expiry of the IMF facility. The regulator however, has said the reserves are sufficient to cover against such occurrences. Data from CBK shows the reserve standing at $8.459 billion (KShs.853.5 billion) which is equivalent to 5.6 months import cover well above the required 4.5 months.

KENYA ECONOMIC OUTLOOK

The economy gained grip in the 2nd quarter, imitating an upturn in most sectors. Thanks to heavy rainfalls the agricultural sectoraccelerated at the fastest pace in two (2) years. However, overall private sector activity lost power in the 3rd quarter compared to the previous two (2) quarters, reflected by a lower PMI on average. Increased business uncertainty, owing to the new fiscal year tax measures in Q3, will likely lead to a more moderate expansion compared to the 2nd quarter.

Newly imposed VAT on petroleum products, approved by President Uhuru Kenyatta at 8%. Budget cuts across all government departments were announced to strengthen the country's deteriorating fiscal metrics, the World Bank recently stressed the need for greater focus on reducing recurrent expenditures rather than development spending, which is likely to hurt the economy's underlying growth potential.

KENYA UP BY 5PLACES IN BRAND RANKING

Kenya moved up by 5 places to land in position 72 in the brand Finance Scale for attracting higher inward investments across various sectors thanks to the conducive political and economic environment provided by the government. The country received an A+ rating with its nation brand value globally estimated at KShs.3.8 trillion. Our neighboring country Tanzania also improved in the rating moving from position 93 last year to position 88 with its brand value set at KShs.2.9 trillion.

FREE CAPITAL FLOW PLACES KENYA IN FRONT OF SOUTH AFRICA

Kenya has overtaken South Africa to rank as the top African financial market in attractiveness to foreign investors as a result of relaxed foreign exchange capital regime. Africa financial markets index report prepared by Absa group ranks markets based on six (6) pillars which are: market depth, access to foreign exchange, market transparency, tax and regulatory environment, macroeconomic opportunity and the legality and enforceability of standard financial markets master agreements.

MOST ATTRACTIVE FINANCIAL MARKETS IN AFRICA

Country	Strength	Weakness
Uganda	Good data availability and transparency	Low turnover of equities and bonds
Nigeria	Robust bond market activity, low debt burden and strong legal and enforcement frameworks for financial agreements	Gaps in exchange rate reporting, dependence on oil heightens exchange reserves volatility
Ethiopia	Rapid economic growth moved to a single exchange rate	Small market size, weak local investor capacity, low financial reporting standards
Kenya	Relaxed capital controls, active foreign exchange market steady economic growth	Limited product diversity, relatively low pension assets per capita, declining export market share
Tanzania	Improving tax and regulatory environment, promising growth prospects	Restrictive capital controls, inactive secondary market, low pension and insurance assets
Rwanda	High transparency and strong insolvency framework	No corporate credit ratings, weak export activity and high degree of capital controls
South Africa	Dominant regional financial hub with deep and liquid capital markets	Challenging macroeconomic environment

PRIVATE SECTOR RECORDS SLOWEST GROWTH IN 10 MONTHS

Kenya's private sector activity grew at its slowest pace in 10 months up to September. The sector is said to have been affected and weighed down by the effects of higher taxes on production costs according to new survey conducted. Stanbic bank Kenya purchasing manager said companies have reported slower output levels and order growth indicating the economy is feeling the pressure of tax changes brought by the government. The PMI reading for September stood at 52.7 compared to 54.6 in August. PMI readings above 50 signal an improvement in business conditions, while readings below 50 show deterioration.

OFFICIAL RESERVES FALL TO 5.58 MONTHS

Official foreign exchange reserve fell by nearly KShs.22 billion last month to stand at KShs.851.36 billion as of September 27 compared to the month of August which stood at KShs.873.16 billion which is equivalent to 5.76 months of import cover. The current official reserve cover stands at 5.58 months of imports showing a significant decline in the cushion. The reserve decline came in a month as a result of depreciating pressure on the local unit that drove it to just above 101 units to the dollar in the face of mounting fiscal challenges and investor exits from NSE.

SHILLING TAKES A HIT AFTER THE ANNOUNCEMENT OF KSHS.250 BILLION EUROBOND

The Kenyan Shilling on October 30 weakened to an eight (8) month low against the US dollar as a result of excess liquidity in the money markets and demand for the dollar from manufacturers and oil importers. The Kenyan Shilling exchanged at an average of 101.73 units to the dollar in the interbank market. The shilling performance is attributed to the negative sentiments on Kenya's debt position and the ongoing flight of foreign capital back to the US where rates are rising.

FOREIGN INVESTOR FLIGHT DRAGS NSE TO 10-YEAR LOW

Foreign investor flight from Nairobi Security Exchange has pushed the market to its lowest point in a decade wiping out significant portion of wealth in nine (9) months. According to Latest market data, Nairobi investors have lost 15% of paper wealth they had at the beginning of the year in a routing that saw the benchmark NSE 20 share index dropping to 2755 points a level last seen in March 2009 during the global financial crisis. Foreign investors sold shares worth net of $223.2 million equivalent to KShs.22.5 billion in a period of nine (9) months ending September according to data compiled by Standard Investment Bank.

GLOBAL ECONOMIC OUTLOOK

OIL PRICES SLIP ON TRADE TENSIONS

Oil prices slipped on October 30, depressed by concerns that the US-China trade dispute will dent economic growth. Benchmark Brent crude oil was down by 15 cents a barrel at $77.19 US light crude was unchanged at $67.04 both contracts have recovered ground over the last week but are around $10 a barrel below four-year highs reached in the first week to October

OIL RISES ABOVE $80 AS IRAN SANCTIONS LOOM

Brent crude oil prices rose back above $80 a barrel on 22nd October as markets were expected to tighten once US sanction against Iran's crude exports are implemented next month. Benchmark Brent crude oil futures were at $80.26 a barrel up by 48 cents which is equivalent to 0.7%.US sanctions on Iran oil sector which is the third-largest producer in the organization of the petroleum exporting countries are set to start on November 4. President Trump is trying to reduce Iranian oil exports to zero to force the country to renegotiate an agreement on its nuclear program.

US UNEMPLOYMENT RATE FALLS TO 3.7%

US job growth slowed sharply as unemployment rate fell to near a 49-year low of 3.7% pointing to a further tightening in labour market conditions. Monthly employment report on Friday showed steady rise in wages which suggest moderate inflation pressures which could ease concerns about the economy overheating and keep the Federal Reserve on gradual interest rate increases. The economy needs to create 120,000 jobs per month in order to keep up with the growth in the working-age population.

CHINA'S JOB MARKET MAINTAINS STABLE

China's job market remained stable in the first three quarters of this year as the urban unemployment rate continued to drop, with emerging industries as the biggest employer, official data showed.Some 11.07 million new jobs were created from January to September, 100,000 more than the same period a year ago.

POUND STERLING RISES

Symbol	Price	Change	%Change
GBP/USD	1.2862 ▲	0.0097	0.76%

The U.K.'s Brexit secretary, Dominic Raab, told lawmakers Wednesday that he expects the country's exit deal with the EU to be finalized by November 21.

Sterling surged following the news and was up more than 0.4 percent versus the dollar in afternoon trade Wednesday.

The U.K.'s main Brexit negotiator added that 95 percent of the U.K.'s withdrawal agreement is now settled, adding that the U.K. the EU had also "made good progress on the structure and scope of the future agreement."

INDIA JUMPS HIGHER IN WORLD BANK'S RANKING OF HOW EASY IT IS TO DO BUSINESS

The ease of doing business in India improved notably after a series of reforms have made it easier for companies to get construction permits, pay taxes and trade across borders, according to a new report from the World Bank.

India jumped 23 spots from a year ago to 77 out of

190 countries on the ease of doing business ranking.

It was also among the top 10 most improved economies, according to the "Doing Business 2019" report.It was also among the top 10 most improved economies along with countries such as China, Djibouti and Azerbaijan.

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