

# DAILY FOREX NEWSLETTER

Wednesday, 30<sup>th</sup> September 2020

## Local Markets:

The Kenyan Shilling was unchanged on Tuesday ahead of a central bank lending rate decision later in the day, it was also forecast it would ease due to dollar demand from importers across various sectors, especially from the energy.

## Top News:

- Gold was down on Wednesday morning over a strengthening dollar and cautious optimism over the latest U.S. stimulus measures.
- Oil prices extended losses on Wednesday on worries that rising coronavirus cases heading into the northern winter would lead to further restrictions on activity and curb demand for fuel.

## International Markets

**USD:** The dollar was up on Wednesday morning in Asia, with investors digesting economic data from China as well as the presidential debate between U.S. President Donald Trump and Democrat Joe Biden. The debate, the first of three scheduled in the run-up to the presidential election on Nov. 3, saw Trump and Biden chaotically debate issues such as Trump's leadership, the COVID-19 pandemic, the economy, and taxes. But investors could not decide on a winner, with neither candidate scoring a decisive advantage.

**GBP:** GBP/USD pick-up bids as US dollar drops across the board with the start of the presidential debate. Bullish MACD, sustained trading beyond 50-bar SMA keep buyers hopeful. Sellers will have extra challenge near 1.2775/70 area. GBP/USD picks up bids around 1.2865/70 during the early Wednesday. The pair recently gained from the USD weakness during the first face-off between US President Donald Trump and his election rival Joe Biden. On the flip side, GBP/USD sellers will have to crack 50-bar SMA support of 1.2809 to revisit multiple support zone near 1.2775/70, comprising lows and highs marked since September 11.

**EUR:** EUR/USD drops as dollar draws bids, tracking losses in the US stock futures. President Trump warns of potential delay in the election outcome, sending risk assets lower. The bid tone around the US dollar strengthened, pushing EUR/USD down from the session high of 1.1755 to 1.1730 after President Trump said that the Nov. 3 election result might not be known for months. Trump's comments bolstered fears of a delay in the election outcome, which the US equity options market has been pricing for some time and triggered risk aversion. The risk-off mood will likely persist in Europe, keeping the EUR/USD pair under pressure.

**INR:** The rupee traded nearly 8 paise higher at 73.78 against the US dollar in Wednesday's early trade, tracking some selling in American currency by banks and exporters. The local unit opened the day at 73.82 per dollar against its previous close of 73.86 against the greenback. On Tuesday, the rupee consolidated in a narrow range for the third successive session and volatility remained low after the RBI postponed its policy meeting.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.10	110.40			
GBP/KES	138.50	141.90	GBP/USD	1.2840	1.2865
EUR/KES	126.55	129.70	EUR/USD	1.1735	1.1680
INR/KES		1.5000	AUD/USD	0.7115	0.7090
			USD/INR	73.70	73.75
			Commodities		
			Gold	1891	1884
			Brent Crude	41.12	42.65

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.309%	6.273%
182 Days	6.773%	6.720%
364 Days	7.690%	7.571%

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.