

DAILY FOREX NEWSLETTER

Thursday, 12th October

Local Markets:

The Kenyan shilling traded stable on Friday, drawing some support from the Central Bank intervention in the previous session via hard currency sales to try to soak up excess demand.

Top News:

- Oil prices dropped for a second straight session on Monday as U.S. producers began restoring output after Hurricane Delta weakened, while a strike that had affected production in Norway came to an end.
- Gold prices edged lower on Monday, after hitting a three-week high earlier in the session, as the dollar firmed and talks over a new U.S. stimulus package ran into resistance.

International Markets

USD: The dollar was up on Monday morning in Asia, with negotiations over the latest stimulus measures in the U.S. floundering and the yuan seeing a drop after the Chinese central bank announced measures to curb the currency's strength earlier in the day.

GBP: GBP/USD fails to extend Friday's upside momentum despite staying above 1.3020. UK PM Johnson up for Australia-style trade deal if there's no deal by October 15, pushes Germany to bridge the gap. Stricter virus-led lockdown conditions will be announced by the PM for tier-3 hotspots. BOE's Bailey will speak at a virtual Citizens' Panel Open Forum. GBP/USD wobbles around 1.3030 while heading into the London open on Monday. In doing so, the Cable steps back from the five-week high flashed on Friday

EUR: EUR/USD gapped lower in Asia on renewed coronavirus concerns. The spread between the US-EU inflation expectations is widening in a USD-positive manner. ECB's President Lagarde is likely to reiterate the central bank's dovish stance. EUR/USD may have a tough time extending its two-week winning streak, as the Eurozone inflation expectations have diverged lower from the US inflation expectations.

INR: USD/INR stays on the back foot near three-day low while eyeing 71.00. MACD flirts with the bears, US dollar's broad weakness also favor the pair sellers. RBI is likely to keep the key Repo and Reverse Repo Rate unchanged at 4.00% and 3.35% respectively. Bears may catch breather around the monthly low before targeting the September month's bottom

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.20	110.40			
GBP/KES	140.00	143.95	GBP/USD	1.3085	1.2955
EUR/KES	126.50	130.50	EUR/USD	1.1880	1.1775
INR/KES		1.5150	AUD/USD	0.7285	0.7185
			USD/INR	72.88	73.10
			Commodities		
			Gold	1930	1913
			Brent Crude	42.48	43.17

T-Bills Rates:

Duration	Current	Previous
91 Days	6.468%	6.400%
182 Days	6.853%	6.839%
364 Days	7.762%	7.744%

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