

# DAILY FOREX NEWSLETTER

Thursday, 15th October 2020

## Local Markets:

The Kenyan Shilling was under slight pressure on Wednesday as increased demand from energy and merchandise importers exceeded supply from remittances horticultural exports and tourism.

## Top News:

- Oil prices rose slightly in early trade on Thursday after data showed U.S. crude stockpiles fell last week, adding to 2% gains overnight, as OPEC and its allies were seen fully complying in September with their pact to curb output.
- Gold prices fell on Thursday, weighed by a steady dollar and fading chances of a new U.S. fiscal stimulus package being finalized before the November elections.

## International Markets

**USD:** The dollar inched higher on Thursday as rising coronavirus cases and scant progress towards a U.S. stimulus deal unsettled investors, while the Aussie dropped to a one-week low after the central bank chief hinted of a possible rate cut or bond buying. France has imposed curfews as autumn brings a steep rise in infections, and the fear is that a new wave of lockdowns could stall the global recovery just as hopes for U.S. stimulus before the Nov. 3 election are fading.

**GBP:** GBP/USD fades Wednesday's upside moves while easing towards the 1.3000 threshold. UK PM Johnson, top officials from Brussels blame each other for the Brexit deadlock. EU hopeful to extend Brexit talks beyond October 15 deadline, Johnson will make a decision today. OECD warns the UK over tax hike rumors as COVID-19 jobless become hard, virus woes keep pushing for the national lockdown. GBP/USD declines to 1.3010 while extending the early-Asian pullback from the intraday top of 1.3029. In doing so, Sterling buyers mark cautious sentiment after Wednesday's heavy gains ahead of Thursday's London open.

**EUR:** EUR/USD looks south as yield differentials favor dollar strength. Renewed coronavirus concerns in Eurozone continue to weigh on sentiment. Prospects of additional ECB easing push the German bond yields lower. Risks for EUR/USD appear skewed to the downside, as the US-German bond yield differentials are rising amid fears of a prolonged coronavirus-induced slowdown across the Eurozone. Notably, the US-German two-year bond yield differential, which is more sensitive to near-term inflation and interest rate expectations than the 10-year yield spread, has widened to a four-month high of 0.89 basis points in the EUR-positive manner.

**INR:** The rupee managed to pare intra-day losses to settle higher by a marginal 4 paise at 73.31 against the US dollar on Wednesday, tracking upbeat Asian peers and late buying in domestic equities. At the interbank forex market, the rupee traded in a narrow range. It opened at 73.39 against the US dollar and hit an intra-day high of 73.28 and a low of 73.47.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.20	110.40			
GBP/KES	139.80	144.10	GBP/USD	1.3025	1.2925
EUR/KES	126.80	130.15	EUR/USD	1.1760	1.1750
INR/KES		1.5120	AUD/USD	0.7135	0.7175
			USD/INR	73.20	73.30
			Commodities		
			Gold	1902	1897
			Brent Crude	43.27	42.29

## 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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