

DAILY FOREX NEWSLETTER

Friday, 16th October 2020

Local Markets:

The Kenyan Shilling inched down on Thursday as demand from energy and merchandise importers exceeded supply from tourism and exporters in the horticultural, tea and coffee sector.

Top News:

- Gold was down on Friday, even as the number of COVID-19 cases surged in Europe and the U.S., and the ongoing stalemate in the U.S. Congress over a COVID-19 package continues to fuel a flight to safety.
- Oil prices fell on Friday on concerns that major producers will move ahead with plans to ease their supply cuts even as a spike in Covid-19 cases in Europe and the United States is curtailing demand in two of the world's biggest fuel consuming regions.

International Markets

USD: The dollar was headed for its best week of the month on Friday, as surging coronavirus cases and stalled progress toward U.S. stimulus had nervous investors seeking safe assets. The U.S. Midwest is also battling record surges in new cases as temperatures get colder, prompting authorities to set up a field hospital in the suburbs of Milwaukee, Wisconsin, in case of an overflow of patients from hospital wards.

GBP: GBP/USD stretches Thursday's bearish move, up for first negative week in last three. UK-EU ready to discuss Brexit even as October deadline expired, UK PM Johnson to discuss handling, future path of negotiation. London will witness tough lockdown measures from mid-Friday, resulting in activity restrictions in half of the UK. US policymakers keep jostling over stimulus, American consumer-centric data to decorate the calendar. GBP/USD drops to 1.2894, down 0.15% intraday, while heading into Friday's London open. In doing so, the sterling keeps the previous day's downbeat performance amid Brexit and the coronavirus (COVID-19) woes ahead of UK PM Boris Johnson's speech.

EUR: EUR/USD looks south as coronavirus growth weakens risk appetite. The US-German bond yield spreads are rising in a USD-positive manner. A big miss on US Retail Sales is needed to put a floor under EUR/USD. EUR/USD has declined by 1% so far this week and looks set to extend losses unless the US data disappoints expectations. In that case, the dollar may face selling pressure, putting a floor under the currency pair. Fears that the Eurozone economy would be hit hard by the coronavirus resurgence is pushing the US-German yield differentials higher and weighing over the common currency.

INR: The rupee pared its initial gains and settled 5 paise lower at 73.36 (provisional) against the US dollar on Thursday tracking heavy selling in domestic equities and strengthening American currency. At the interbank forex market, the rupee opened at 73.32 against the greenback, and after witnessing a volatile trading session closed at 73.36, lower by 5 paise from its previous close of 73.31.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.20	110.40			
GBP/KES	139.25	142.60	GBP/USD	1.2900	1.3025
EUR/KES	126.40	129.55	EUR/USD	1.1710	1.1760
INR/KES		1.5120	AUD/USD	0.7080	0.7135
			USD/INR	73.30	73.20
			Commodities		
			Gold	1909	1902
			Brent Crude	42.79	43.27

T-Bills Rates:

Duration	Current	Previous
91 Days	6.520%	6.468%
182 Days	6.909%	6.853%
364 Days	7.800%	7.762%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

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