

DAILY FOREX NEWSLETTER

Monday, 19th October 2020

Local Markets:

The Kenyan Shilling weakened slightly on Friday as demand from merchandising importers exceeded dollar inflows from horticultural exports and remittances from aboard.

Top News:

- Gold prices were steady near the key \$1,900 per ounce level in early Asian trade on Monday supported by expectations of a new U.S. stimulus package before Election Day.
- Oil prices fell on Monday after reports that China's third-quarter economic growth did not rise as much as expected, underscoring concerns that surging coronavirus cases globally are impacting demand in the world's largest oil importer.

International Markets

USD: The dollar was down on Monday morning in Asia, with China due to release quarterly growth data, including GDP and industrial production readings, later in the day, despite fading hopes for the latest fiscal stimulus package to be passed by the U.S. Congress ahead of the Nov. 3 U.S. presidential elections. In the U.S., despite House of Representatives Speaker Nancy Pelosi setting a Tuesday deadline for Congress to reach consensus on a deal before the election, most investors remain doubtful that the deadline will be reached as a Joe Biden victory looks imminent.

GBP: GBP/USD trims early-day gains, eases from 1.2945, while staying positive for the second consecutive day. Moody's downgraded UK on Friday over virus woes, Brexit worries and budget problems for Tories, BOE's Bailey also spoke bearish. EU's Brexit negotiator Michael Barnier is up for visiting London, UK's Gove earlier warned "the door is ajar". US dollar regains even as risk tone cheers Trump's push for stimulus, virus vaccine. Having recently stepped back from the intraday high of 1.2945, GBP/USD wobbles around 1.2925/30 while heading into Monday's London open. Sterling buyers paid a little heed to the Brexit, coronavirus (COVID-19) woes at home while cheering risk-on mood off-late.

EUR: EUR/USD gained some traction on Friday amid a mildly softer tone around the USD. Improving global risk sentiment undermined demand for the safe-haven greenback. The upside remains limited amid worries about the second wave of COVID-19 cases. The EUR/USD pair edged higher on Friday, albeit lacked any strong follow-through and remained well within the previous day's broader trading range.

INR: The rupee on Monday opened nearly 3 paise down at 73.38 against the US dollar due to some buying in American currency by banks and importers. The local currency consolidated in a narrow range for the whole of last week despite volatility in domestic and global equities. Talks over stimulus package in the US and Brexit uncertainty kept most market participants on the edge.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.30	110.50			
GBP/KES	139.80	143.30	GBP/USD	1.2945	1.2900
EUR/KES	126.50	129.80	EUR/USD	1.1720	1.1710
INR/KES		1.5130	AUD/USD	0.7095	0.7080
			USD/INR	73.30	73.30
			Commodities		
			Gold	1912	1909
			Brent Crude	42.88	42.79

T-Bills Rates:

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

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