

DAILY FOREX NEWSLETTER

Thursday, 01st October 2020

Local Markets:

The Kenyan Shilling was stable against the dollar on Wednesday, a day after the Central Bank held its benchmark lending rate.

Top News:

- Gold prices edged higher on Thursday as a softer dollar and signs of progress in negotiations over fresh U.S. stimulus measures bolstered the metal's appeal.
- Oil prices were little changed in early trade on Thursday after U.S. lawmakers postponed a vote on a \$2.2 trillion coronavirus relief package in hopes of reaching a bipartisan deal, while rising infections fueled demand fears.

International Markets

USD: The dollar was on the defensive at a one-week low on Thursday, as robust U.S. data and fresh hopes for U.S. fiscal stimulus had investors confident enough about economic recovery prospects to seek out riskier currencies.

GBP: GBP/USD prints mild gains after snapping a three month rise in September. Brexit optimism, US dollar weakness helps cable to battle the virus woes. Tory government now has the sweeping powers to control COVID-19, EU's Barmier sounds optimistic off-late. UK Manufacturing PMI, speech from BOE's Haldane and US ISM Manufacturing PMI can entertain traders ahead of Friday's NFP. GBP/USD juggles with the recovery moves from 1.2913 between 1.2930 and 1.2940 while heading into the London open on Thursday. In doing so, the Pound prints a four-day winning streak despite marking the biggest monthly losses in over a year during September.

EUR: EUR/USD dropped in September, ending a four-month losing streak. Risk-on weighs over the dollar and lifts EUR/USD on Thursday. The ECB's plan to adopt average inflation targeting could cap the upside in the euro. EUR/USD fell by 1.82% in September, confirming its biggest single-month percentage decline since July 2019.

INR: USD/INR's break below 73.48 would revive the bearish bias. A breakdown would pave the way for a re-test of September lows. USD/INR fell by 0.32% to 73.54 on Wednesday, The critical support to watch out for now is 73.48. A violation there would mark a downside break of a rising wedge-like pattern represented by trendlines connecting Sept. 1 and Sept. 18 lows and Sept. 8 and Sept. 24 highs.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 108.10 | 110.40 | | | |
| GBP/KES | 138.65 | 143.10 | GBP/USD | 1.2980 | 1.2840 |
| EUR/KES | 126.45 | 129.95 | EUR/USD | 1.1785 | 1.1735 |
| INR/KES | | 1.5050 | AUD/USD | 0.7220 | 0.7115 |
| | | | USD/INR | 73.13 | 73.70 |
| | | | Commodities | | |
| | | | Gold | 1892 | 1891 |
| | | | Brent Crude | 42.33 | 41.12 |

T-Bills Rates:

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

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