

# DAILY FOREX NEWSLETTER

Thursday, 22<sup>nd</sup> October 2020

## Local Markets:

The Kenyan Shilling was stable on Wednesday but was expected to weaken due to increased dollar demand from the energy sector and general goods importers.

## Top News:

- Oil prices dropped in early trade on Thursday, adding to heavy losses overnight, after a build in U.S. gasoline inventories pointed to a deteriorating outlook for fuel demand as coronavirus cases soar in North America and Europe.
- Gold was down on Thursday morning in Asia, reversing gains from the previous session over a strengthening dollar. Meanwhile, investors kept their focus on the U.S. Congress' progress towards passing the latest stimulus measures before the Nov. 3 presidential election.

## International Markets

**USD:** The U.S. dollar steadied against most major currencies on Thursday as U.S. stimulus talks remained the focus for markets with trading buffeted over recent days by the extent of progress made on the potential size of the aid package. The dollar index was nearly flat against a basket of currencies at 92.801, having marked its lowest level since Sept. 2 overnight. On Wednesday, the dollar weakened after U.S. President Donald Trump and House Speaker Nancy Pelosi boosted hopes an agreement on stimulus was close, sparking demand for riskier assets.

**GBP:** GBP/USD refreshes intraday low above 1.3100 as bulls catch a breather after the heaviest rise in seven months. Rethink over thorny issues battle Brexit optimism, BOE's Ramsden warned for a sharp rise in the UK's unemployment rate. US stimulus hopes fail to keep bulls happy amid geopolitical, virus woes. BOE's Bailey, UK Chancellor Sunak's speech and US Jobless Claims can offer intermediate moves but risk catalysts are the key drivers to follow.

**EUR:** EUR/USD looks south as Russia and Iran meddle in US elections. Prospects of pre-election fiscal stimulus deal fade, boosting demand for the dollar. Euro fails to keep gains above the 61.8% Fibonacci retracement hurdle. EUR/USD is flashing red on Thursday as the anti-risk dollar is drawing haven bids on reports of meddling in US elections and fading prospects of a US fiscal stimulus deal. The pair is currently trading at 1.1842, representing a 0.13% drop on the day.

**INR:** The rupee on Thursday opened 18 paise down at 73.77 against the US dollar tracking some weakness in the domestic equity markets amid strengthening dollar index. The local currency on Wednesday, after consolidating in a narrow range, plunged 9 paise against the US dollar following reports that the Finance Ministry was working on another stimulus package to support the economy.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	108.30	110.50			
<b>GBP/KES</b>	142.00	145.50	<b>GBP/USD</b>	1.3140	1.2990
<b>EUR/KES</b>	128.10	131.30	<b>EUR/USD</b>	1.1855	1.1855
<b>INR/KES</b>		1.5100	<b>AUD/USD</b>	0.7105	0.7085
			<b>USD/INR</b>	73.60	73.40
			<b>Commodities</b>		
			<b>Gold</b>	1916	1920
			<b>Brent Crude</b>	41.55	42.80

## 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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