

DAILY FOREX NEWSLETTER

Tuesday, 27th October 2020

Local Markets:

The Kenyan Shilling inched down on Monday due to end month dollar demand from importers, amid a drop in the supply of the hard currency.

Top News:

- Gold prices gained in early Asia trade on Tuesday, supported by a weaker dollar and concerns stemming from the surging coronavirus spread globally and its economic fallout.
- Oil prices regained a semblance of stability on Tuesday after suffering sharp losses over the previous session and last week, as a resurgence of coronavirus cases globally hit prospects for crude demand while increasing supply also hurt sentiment.

International Markets

USD: The dollar handed back some recent gains against most of its major rivals on Tuesday, as strong regional economic data helped to offset worries about a second wave of COVID-19 cases in Europe and the United States. Growing wariness about the U.S. presidential election kept a lid on large currency movements, however. Since the vote is just a week away many investors appear to have already figured out their positions.

GBP: GBP/USD reverses an early dip to sub-1.3000 level and refreshed session tops in the last hour. The uptick was exclusively sponsored by a mildly softer tone surrounding the safe-haven USD. Coronavirus jitters, Brexit uncertainties might keep a lid on any strong move for the sterling. The GBP/USD pair recovered around 40-45 pips from Asian session lows and was last seen trading near the top end of its daily range, around the 1.3035-40 region. The pair continued showing some resilience below the key 1.3000 psychological mark, or 200-hour SMA and gained some positive traction on Tuesday.

EUR: EUR/USD supported above 1.1800 amid US dollar pullback. 10-year Treasury yields drop below the key 0.80% level. Coronavirus updates in Europe to cap the euro's bounce. US Durable Goods and Consumer Confidence next of note. EUR/USD trades well bid above 1.1800, extending its renewed upside ahead of the European open, as the US dollar retreats across the board despite the downbeat market mood. The main currency pair benefits, as the haven demand for the greenback, is on the back foot so far this Tuesday, even though Asian equities flash red.

INR: The Indian rupee extended its weakness and opened 10 paise lower against the US dollar on Tuesday, amid lackluster domestic equities and firm greenback. The Indian rupee opened at 73.95 against the US dollar, compared with the previous close of 73.85. The US dollar clung to small gains on Tuesday as the greenback's safe-haven appeal was burnished by worries about a second wave of Covid-19, which drove the steepest stock market selloff in a month and underpinned a bond rally.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.00	110.80			
GBP/KES	140.60	144.90	GBP/USD	1.3045	1.3060
EUR/KES	127.60	131.50	EUR/USD	1.1840	1.1880
INR/KES		1.5150	AUD/USD	0.7140	0.7155
			USD/INR	73.75	72.50
			Commodities		
			Gold	1910	1899
			Brent Crude	41.12	41.17

T-Bills Rates:

Duration	Current	Previous
91 Days	6.589%	6.520%
182 Days	6.967%	6.909%
364 Days	7.840%	7.800%

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