

# DAILY FOREX NEWSLETTER

Wednesday, 28<sup>th</sup> October 2020

## Local Markets:

The Kenyan Shilling edged down on Tuesday due to end of month dollar demand from oil and merchandise importers.

## Top News:

- Oil prices slid more than 1 percent on Wednesday, paring the previous day's gains, as a jump in U.S. crude inventories and surging Covid-19 cases raised fears of an oversupply of oil and weak fuel demand.
- Gold prices were subdued on Wednesday, as the dollar strengthened, after hopes of U.S. stimulus faded following President Donald Trump's comment that a deal would likely come after the November election.

## International Markets

**USD:** The dollar was up on Wednesday morning in Asia, but investors are avoiding big moves and risks ahead of the U.S. presidential election on Nov. 3. In Europe, reports that France could reintroduce a national lockdown to curb the spread of COVID-19 sent the Euro tumbling against the dollar. Despite its gains, sentiment for the greenback showed signs of turning bearish, with the election less than a week away. Some investors are prepping for increased volatility in the market over the second wave of COVID-19 cases in Europe and the U.S threatening economic growth, and the uncertainty over the election outcome so keeping investors on tenterhooks.

**GBP:** GBP/USD in bearish consolidation phase amid risk-off mood. Coronavirus fears mount, UK's new deaths highest since May. Brexit and virus updates in focus ahead of US macro news. GBP/USD looks to extend its downside consolidation phase below 1.3050 into the European open, as the US dollar clings onto the overnight gains amid broad risk-aversion. With the major European economies considering nationwide lockdowns amid the relentless surge in coronavirus cases, the sentiment on the global markets remains tepid.

**EUR:** EUR/USD slips to eight-day low on coronavirus concerns. France, Germany consider imposing a lockdown, which could complicate economic recovery. Pressure on the ECB to boost stimulus is rising. EUR/USD continues to drop as Eurozone's biggest economies, France and Germany, consider imposing the economically painful lockdown restrictions to counter the rising coronavirus cases. The pair is currently trading at 1.1778, representing a 0.13% drop on the day, having hit an eight-day low of 1.1769 early Wednesday.

**INR:** The Indian rupee opened 2 paise higher against the US dollar on Wednesday, amid subdued domestic equity markets. The rupee opened at 73.70 against the US dollar, up 2 paise from the previous close of 73.72. The risk was off the table as markets were disappointed after US President Donald Trump acknowledged that a coronavirus economic relief deal would likely come after the November 3 election.

## 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	1.3050	1.3045
EUR/KES	127.05	130.95	EUR/USD	1.1790	1.1840
INR/KES		1.5150	AUD/USD	0.7160	0.7140
			USD/INR	73.70	73.75
			Commodities		
			Gold	1910	1910
			Brent Crude	40.94	41.12

## 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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