

DAILY FOREX NEWSLETTER

Tuesday, 06th October 2020

Local Markets:

The Kenyan Shilling was a little changed on Monday and traders said it could depreciate due to hard currency demand from energy sector importers

Top News:

- Gold prices were steady on Tuesday, having hit a near-two week high in the previous session, as a softer dollar countered pressure from an upbeat risk sentiment.
- Oil was flat Tuesday morning in Asia after gains in overnight trading. U.S. President Trump's return to the White House following treatment for Covid-19. "As for Trump's discharge, the impact is not clear-cut but it is seen as positive for risk environment to the extent that there are less worries about the White House getting caught in complete chaos and unable to make decisions."

International Markets

USD: The dollar was softer against riskier currencies on Tuesday on rising optimism that U.S. lawmakers could agree on new stimulus to blunt the economic impact of the coronavirus. Risk appetite also improved after U.S. President Donald Trump left the hospital and returned to the White House following treatment for Covid-19. "As for Trump's discharge, the impact is not clear-cut but it is seen as positive for risk environment to the extent that there are less worries about the White House getting caught in complete chaos and unable to make decisions."

GBP: GBP/USD flirts with 1.3000 amid broad US dollar weakness, mild risk-on mood. Odds favoring no-deal Brexit gradually recede as EU-UK policymakers talk business. UK PM Johnson stays optimistic to overcome the pandemic, Sunak sounds a bit skeptic. Trump gasps, fuels rumors of not being "20-year younger" after the COVID-19 treatment at Walter Reed. GBP/USD stays positive around 1.2990, intraday high of 1.3000, while heading into the London open on Tuesday. The pair benefits from broad US dollar weakness, amid mild optimism, despite fresh concerns over American President Donald Trump's health

EUR: EUR/USD draws bids despite rising US-German bond yield spread. Risk sentiment is driving the action in the forex markets. Speech by ECB's Lagarde may put the focus on yield differentials. EUR/USD is gaining altitude despite the widening of the US-German 10-year bond yield spread in the USD-positive manner. The currency pair is currently trading near 1.1790, having begun the week near 1.1710. On Monday, the spread between the US and German 10-year bond yields increased by ten basis points to 1.30, the highest level since March 20.

INR: The rupee depreciated by 16 paise to close at 73.29 (provisional) against the US dollar on Monday even as the domestic equity market was trading with significant gains. The Indian currency opened at 73.16 at the interbank forex market and touched an intra-day high of 73.08 and a low of 73.41 against the greenback. It finally settled for the day at 73.29, down 16 paise over its last close of 73.13 a dollar.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.00	110.30			
GBP/KES	140.15	143.55	GBP/USD	1.2990	1.2945
EUR/KES	127.20	130.40	EUR/USD	1.1795	1.1740
INR/KES		1.5115	AUD/USD	0.7175	0.7185
			USD/INR	73.20	73.05
			Commodities		
			Gold	1915	1898
			Brent Crude	41.38	40.28

T-Bills Rates:

Duration	Current	Previous
91 Days	6.400%	6.309%
182 Days	6.839%	6.773%
364 Days	7.744%	7.690%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Mayuri Mistry, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.