

DAILY FOREX NEWSLETTER

Wednesday, 07th October 2020

Local Markets:

The Kenyan Shilling was flat on Tuesday, as dollar inflows from sectors like horticulture and remittances met importer demand.

Top News:

- Gold prices on Wednesday hovered near a one-week low hit in the previous session, after U.S. President Donald Trump halted new stimulus talks, bolstering the dollar.
- Oil prices slipped on Wednesday after U.S. President Donald Trump dashed hopes for a fourth stimulus package to boost the coronavirus-hit economy and on a larger-than-expected build-up in U.S. crude stocks.

International Markets

USD: The dollar held onto gains against most currencies on Wednesday after Republican U.S. President Donald Trump's abrupt cancelling of talks on economic stimulus with Democrats increased risk aversion. Currencies had only just regained a sense of calm after Trump returned to the White House from hospital, where he received treatment for the coronavirus. Trump's surprise decision to call off stimulus talks until after the November 3 presidential election increases downside risks for an already shaky U.S. economy, which is likely to favor safe harbor flows into the dollar.

GBP: GBP/USD attacks the upper end of 1.2870-90 trading range established near the weekly bottom. Rumors over EU's intentional stretching of Brexit talks, looming concerns over national lockdown weigh the cable. Risk reset, amid fresh hopes of US stimulus, triggered the latest pullback. UK's Raab propels Beijing-London tussle while asking favors for China's Uighur Muslims. GBP/USD treads water around 1.2880/85 while heading into Wednesday's London open.

EUR: EUR/USD trades near 1.1730, having faced rejection at 1.1808 on Tuesday. Asian stocks rise, despite overnight losses on Wall Street. President Trump's call for partial stimulus fails to impress the dollar bears. EUR/USD is looking heavy as the safe-haven dollar is showing resilience in the face of gains in the Asian stock markets. The pair is currently trading near 1.1730, having hit a low of 1.1725 a few minutes before press time. The exchange rate fell by 0.4% on Tuesday, invalidating Monday's bullish falling channel breakout.

INR: The rupee depreciated 9 paise to 73.55 against the US dollar in opening trade on Wednesday as muted domestic equities and strong American currency weighed on investor sentiment. The local unit opened at 73.53 at the interbank forex market, then lost ground and touched 73.55 against the US dollar, down 9 paise over its last close of 73.46. Asian currencies are trading weak against USD.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.10	110.30			
GBP/KES	139.20	142.65	GBP/USD	1.2905	1.2990
EUR/KES	126.60	129.85	EUR/USD	1.1745	1.1795
INR/KES		1.5050	AUD/USD	0.7130	0.7175
			USD/INR	73.40	73.20
			Commodities		
			Gold	1890	1915
			Brent Crude	42.04	41.38

T-Bills Rates:

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

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