

DAILY FOREX NEWSLETTER

Monday, 2nd November 2020

Local Markets:

The Kenyan Shilling edged up against the dollar on Friday, as the central bank mopped up liquidity from the market.

Top News:

- Gold edged lower on Monday weighed down by a stronger dollar, while investors awaited the outcome of Tuesday's hotly contested U.S presidential election.
- Oil prices fell more than 3% on Monday on worries a swathe of coronavirus lockdowns across Europe will weaken fuel demand, while traders braced for turbulence during the U.S. presidential election week.

International Markets

USD: The U.S. dollar held steady on Monday as investors readied for this week's U.S. presidential election, while a surge in global coronavirus cases continued to weigh on sentiment. The greenback held onto its gains after posting its largest weekly percentage rise since late September in the previous trading session. Investors are sticking to the safe-harbour currency as Tuesday's presidential election keeps financial markets on edge. Democratic challenger Joe Biden leads in national opinion polls though the race is seen as close in enough battleground states that President Donald Trump could achieve the 270 votes needed to win in the state-by-state Electoral College that determines the overall victor.

GBP: UK-EU hopeful of tackling issues over fisheries, IMB and others are still in the line. Second lockdown in England triggers the fears of double-dip recession. Activity numbers from the UK, US can offer intermediate clues, US elections in the spotlight. GBP/USD stays offered near the intraday low of 1.2899, currently around 1.2904, while heading into the London open on Monday. In doing so, the pair traders bear the burden of the UK's second national lockdown while ignoring upbeat news favoring odds of a soft Brexit.

EUR: EUR/USD drops to lowest since Sept. 28, extending the previous week's decline. Markets offer euros as yield differentials widen in favor of the US dollar. The US election uncertainty could keep haven assets better bid. EUR/USD is extending its recent downtrend, tracking a continued widening of the US-German bond yield differential. At press time, the pair is currently trading at 1.1633, the lowest since Sept. 28, having declined from 1.1860 to 1.1640 last week.

INR: The rupee on Monday opened 31 paise down at 74.42 against the US dollar tracked weak domestic equity market and stronger US dollar index. Increased number of Covid cases across the globe further weighed on the overall market sentiment. On the domestic front, market participants are now waiting for more clarity on the stimulus package which is under consideration for quite some time now.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.00	110.80			
GBP/KES	139.20	143.40	GBP/USD	1.2915	1.2910
EUR/KES	125.40	129.25	EUR/USD	1.1640	1.1685
INR/KES		1.5100	AUD/USD	0.7015	0.7030
			USD/INR	74.25	73.30
			Commodities		
			Gold	1882	1869
			Brent Crude	36.69	37.74

T-Bills Rates:

Duration	Current	Previous
91 Days	6.653%	6.589%
182 Days	7.038%	6.967%
364 Days	7.933%	7.840%

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