

DAILY FOREX NEWSLETTER

Wednesday, 4th November 2020

Local Markets:

The Kenyan Shilling was flat against the dollar on Tuesday, as the supply of dollar matched the demand from manufacturing and energy sectors.

Top News:

- Gold steadied on Wednesday as investors keenly watched the final few hours of a close U.S presidential election, with a contested result was a possibility.
- Oil was up on Wednesday morning in Asia, with Brent crude moving back above the \$40 mark. Large falls in U.S. inventories, combined with likely supply cuts boosted prices

International Markets

USD: The U.S. dollar jumped, and risk-sensitive currencies weakened on Wednesday as early results in the U.S. presidential election showed a very tight race, prompting a wind-back of bets on a victory by Democratic challenger Joe Biden. President Donald Trump, who has so far trailed in polls, has maintained a slim lead in key battleground state of Florida, with the Chinese yuan and Mexican peso hit hardest by the specter of four more years of his aggressive trade policy.

GBP: GBP/USD witnessed good 200-pips movement so far this Wednesday's Asian trading, as US Presidential election counting gets underway. The southern states are seen tending towards President Donald Trump while the North still favors Joe Biden. Arizona swung towards the Democratic candidate, reinforcing hopes of a Blue wave win. Therefore, the risk sentiment saw an upturn once again and weighed on the safe-haven US dollar, boosting the higher-yielding assets such as the GBP, S&P 500 futures etc.

EUR: In a nail-biting fight to the 2020 US Presidential race, EUR/USD is struggling to extend the rebound from four-month lows of 1.1605 reached earlier in the Asian session. The spot trades at 1.1650, down 0.50% on the day, as we write. The US dollar is off the multi-week highs but remains strongly bid, as the election race tightens. The S&P 500 futures, however, rise 1%. The likely delay in results from Michigan, Wisconsin, and Pennsylvania due to slow counting is somewhat weighing in on the market mood.

INR: The rupee on Wednesday opened nearly 35 paise lower at 74.75 against the US dollar after the greenback strengthened as early results in the US presidential election showed a very tight race, prompting a wind-back of bets on a victory by Democratic challenger Joe Biden. The rupee consolidated in a narrow range for the second successive session on Tuesday ahead of the important US Presidential election results.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.35	110.85			
GBP/KES	140.10	144.30	GBP/USD	1.2995	1.2930
EUR/KES	126.00	129.50	EUR/USD	1.1660	1.1665
INR/KES		1.5100	AUD/USD	0.7110	0.7050
			USD/INR	74.60	74.30
			Commodities		
			Gold	1898	1893
			Brent Crude	40.66	39.01

T-Bills Rates:

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

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.