

DAILY FOREX NEWSLETTER

Tuesday, 10th November 2020

Local Markets:

The Kenyan Shilling was stable on Monday, with demand for hard currency generally subdued across board.

Top News:

- Oil prices dropped on Tuesday as concerns over fuel demand in the near term in coronavirus-hit Europe and the United States returned to haunt the market after an overnight surge on progress towards a Covid-19 vaccine.
- Gold prices edged higher in early Asian trade on Tuesday after falling as much as 5.2% in the previous session, as hopes of more U.S. stimulus measures to weather the impact of rising Covid-19 cases nudged investors towards the precious metal as an inflation hedge.

International Markets

USD: The dollar was down on Tuesday morning in Asia over Monday's news that a COVID-19 vaccine could become available relatively soon and raising optimism over the global economic recovery. U.S. drug maker Pfizer Inc said on Monday that its vaccine candidate, which is being developed in partnership with Germany's BioNTech, was more than 90% effective in preventing COVID-19. The claim was based on data from the first 94 people to be infected with the virus in Pfizer's large-scale clinical trial. Coming as the number of global COVID-19 cases surpassed the 50.8 million mark on Nov. 10, with over 10 million cases in the U.S. alone, according to data from Johns Hopkins University.

GBP: Markets remain in risk-on mode amid hopes for a coronavirus vaccine. UK Finance Minister Rishi Sunak said that significant progress was made in Brexit talks. GBP/USD is neutral-to-bullish trading above the 1.3100 figure. The GBP/USD pair is ending the first day of the week unchanged around 1.3150, after reaching a fresh two-month high of 1.3207. The British Pound found eased as speculative interest rushed into the greenback on positive coronavirus vaccine news, but its slump was limited by encouraging Brexit headlines.

EUR: EUR/USD trades near 1.1835 versus 1.18 in early Asia. Treasury yields retreat from multi-month highs in a USD-negative manner. Markets focus on the possibility of renewed lockdown restrictions in the US. EUR/USD bounces from key support, as treasury yields yield retreat from five-month highs, weakening demand for the US dollar. The pair is currently trading at session highs near 1.1835, having found bids around the ascending 5-day simple moving average (SMA) at 1.1812.

INR: The Indian rupee opened 7 paise higher against the US dollar on Tuesday amid firm domestic equities. Rupee opened at 74.07 against the dollar against the previous close of 74.14. After strengthening in the past few sessions, the Indian unit came under pressure in the previous session on the back of short covering moves even as the domestic equities surged to record high levels.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.40	110.90			
GBP/KES	142.60	146.60	GBP/USD	1.3190	1.3185
EUR/KES	128.10	131.60	EUR/USD	1.1840	1.1895
INR/KES		1.5150	AUD/USD	0.7290	0.7300
			USD/INR	74.10	74.80
			Commodities		
			Gold	1878	1962
			Brent Crude	41.94	40.48

T-Bills Rates:

Duration	Current	Previous
91 Days	6.666%	6.653%
182 Days	7.072%	7.038%
364 Days	7.994%	7.933%

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.