

# DAILY FOREX NEWSLETTER

Thursday, 12<sup>th</sup> November 2020

## Local Markets:

The Kenyan Shilling weakened on Wednesday due to dollar demand from importers in sectors such as energy.

## Top News:

- Gold prices inched lower on Thursday, after dropping over 1% in the previous session, pressured by a firmer dollar and optimism over a Covid-19 vaccine related development bolstering risk appetite.
- Oil prices rose in early trade on Thursday, taking the week's gains to more than 12% on growing hopes that the world's major producers will hold off on a planned supply increase as soaring cases of Covid-19 dent fuel demand.

## International Markets

**USD:** The dollar held broad gains on Thursday as investors adjusted some of their bullish expectations about a Covid-19 vaccine, tempering a recent rally in risk assets but keeping enough confidence to support the greenback against other safe-havens. The dollar index sat just below a one-week high hit overnight and the dollar stood close to a one-week top against the Swiss franc and a three-week peak against the yen. Against a basket of currencies, the dollar fell more than 10% from a March peak to the 10-week low hit on Monday. It has since rallied nearly 1%, mostly thanks to safe-haven selling after Pfizer announced it had a working virus vaccine.

**GBP:** GBP/USD keeps bounce off 1.3191 to combat the previous day's pullback from 10-week top. Bullish MACD keeps buyers hopeful but corrective move towards October top, 10-day EMA can't be ruled out. GBP/USD keeps the latest recovery moves around 1.3220 during Thursday's Asian session. The Cable rose to the highest since early September the previous day, before declining to 1.3191. This formed a bearish spinning top candlestick on the daily chart, which in turn probes the bulls.

**EUR:** Down 0.88% this week, EUR/USD trades near key support. The pair risks a deeper drop on dovish ECB talk and softer German yields. Continued gains in Treasury yields would add to bearish pressures. EUR/USD is currently sidelined near the 50-day simple moving average (SMA) at 1.1768, having faced rejection near 1.1790 in early Asia. The support could be breached if the German 10-year bond yields extend Wednesday's losses in a EUR-negative manner.

**INR:** The Indian rupee dropped 7 paise against the US dollar on Thursday amid weak domestic equities and a firm greenback. The rupee opened at 74.45 against the dollar, down from the previous close of 74.38. In the previous session, rupee came under pressure for the second successive but volatility remained low ahead of the inflation and industrial production number.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.40	110.90			
GBP/KES	142.50	146.80	GBP/USD	1.3210	1.3270
EUR/KES	127.20	130.90	EUR/USD	1.1775	1.1830
INR/KES		1.5100	AUD/USD	0.7275	0.7315
			USD/INR	74.40	74.20
			Commodities		
			Gold	1866	1880
			Brent Crude	43.77	43.92

## 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

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