

# DAILY FOREX NEWSLETTER

Tuesday, 17<sup>th</sup> November 2020

## Local Markets:

The Kenyan Shilling was slightly changed on Monday and was forecast to weaken, undermined by slowing exporter dollar inflows.

## Top News:

- Gold prices were little changed on Tuesday, as concerns over spiking U.S. coronavirus cases offset pressure from vaccine optimism brought about by positive vaccine trial data.
- Oil prices edged higher on Tuesday on expectations OPEC and its allies will extend oil production cuts for at least three months, while sentiment was bolstered by news of another promising coronavirus vaccine.

## International Markets

**USD:** The dollar nursed losses on Tuesday as a return of coronavirus restrictions in some U.S. states and worries about a smooth transition for President-elect Joe Biden offset optimism about a coronavirus vaccine. The British pound edged higher on media reports the UK could reach a post-Brexit trade agreement with the European Union by early next week. Moderna became the second U.S. pharmaceutical company in a week to report positive results from trials of a Covid-19 vaccine, considered necessary to eradicate the pandemic.

**GBP:** GBP/USD prints three-day winning streak despite easing off-late. UK Brexit Minister Frost hints Brexit trade deal "early next week". UK PM Johnson came in contact with covid-positive, will work via Zoom. Vaccine hopes firm up but fail to defy the virus woes. GBP/USD cools down to 1.3220, up 0.18% intraday, while heading into Tuesday's London open. The Cable refreshed the intraday high to 1.3233 in early Asia after The Sun came out with news supporting the Brexit deal between the UK and the European Union (EU).

**EUR:** EUR/USD trades in the green as risk assets rally on vaccine news. Dovish Fed expectations add to the bullish tone around the currency pair. EUR/USD remains bid above 1.1850 as the hopes for coronavirus vaccine and the prospects of the global economy returning to normalcy in 2021 continue to weigh over the safe-haven dollar. The currency pair has risen from 1.1759 to 1.1869 in the past three trading days and could score gains for the fourth straight day on Tuesday, as the risk sentiment has been buoyed by the biotechnology company Moderna's announcement of positive results of its preliminary coronavirus vaccine.

**INR:** USD/INR refreshes intraday high while snapping a two-day winning streak. Confirmation of a bullish chart pattern joins upbeat RSI conditions to favor the bulls. 200-HMA adds strength to the downside support, monthly high on the buyers' radar. USD/INR rises to 74.47, up 0.18% intraday, during the initial hours of Indian trading on Tuesday. In doing so, the pair confirms a bullish chart formation, falling wedge, amid the recovering RSI that is yet to reach the overbought limit.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.70	111.30			
GBP/KES	143.00	147.35	GBP/USD	1.3225	1.3260
EUR/KES	128.70	132.30	EUR/USD	1.1865	1.1881
INR/KES		1.5100	AUD/USD	0.7320	0.7300
			USD/INR	74.40	74.39
			Commodities		
			Gold	1884	1892
			Brent Crude	44.16	43.24

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.674%	6.666%
182 Days	7.114%	7.072%
364 Days	8.042%	7.994%

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.