

# DAILY FOREX NEWSLETTER

Friday, 20<sup>th</sup> November 2020

## Local Markets:

The Kenyan Shilling was steady on Thursday, but traders said they expected it to weaken due to increased dollar demand from importers like oil companies, amid lower inflows from sectors like tourism.

## Top News:

- Gold was up on Friday morning in Asia as the U.S. sent out contrary COVID-19 relief signals.
- Oil was up on Friday morning in Asia despite conflicting U.S. stimulus reports, an apparent schism in OPEC, and the ever-rising COVID-19 numbers.

## International Markets

**USD:** The dollar halted its slide on Friday after U.S. Treasury Secretary Steven Mnuchin called an end to some of the Federal Reserve's pandemic lending, derailing a risk rally and surprising investors who had counted on central bank support. The announcement damped a previously positive mood after reports that U.S. Senate Republican and Democrat leaders had agreed to resume negotiations on another coronavirus stimulus package. While Mnuchin's move was aimed at re-appropriating some \$455 billion allocated to Treasury under the CARES Act in the spring for other spending, some investors were concerned about ending programmes that they think have played a vital role in reassuring markets.

**GBP:** GBP/USD's fate continues to hinge on Brexit developments. DXY resumes drop amid Fed-Treasury clash on emergency funds. Focus on UK Retail Sales and covid data for further directives. GBP/USD looks to extend its bounce towards 1.3300 heading into the UK Retail Sales release. The annualized British spending is seen higher by 4.2% in October vs. 4.7% previous. The bulls are back in charge as the US dollar resumes its Thursday's slide despite the clash between the Fed and US Treasury seemingly weighing on the investor sentiment. US Treasury Secretary urged the world's most powerful central bank to withdraw some of the pandemic lendings.

**EUR:** EUR/USD trades near 1.1885 versus 1.1870 in early Asia. Mild risk-off on Mnuchin's recall of Fed funds fails to boost the dollar. Fund scarcity may force the Fed to implement more aggressive easing. EUR/USD consolidates on Thursday's gain in a sign of resilience to US Treasury Secretary Steve Mnuchin's risk-destabilizing move. The US stock futures trade in the red as Mnuchin's call to recollect funds allocated to Federal Reserve would limit the central bank's ability to provide additional support to businesses at a time when the second wave of the coronavirus is accelerating.

**INR:** The rupee appreciated 12 paise to 74.15 against the US dollar in opening trade on Friday, supported by positive opening in domestic equities and weakness in American currency. At the interbank forex market, the domestic unit opened at 74.15 against the US dollar, registering a rise of 12 paise over its previous close. On Thursday, the rupee had settled at 74.27 against US dollar.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	108.90	111.40			
<b>GBP/KES</b>	143.50	148.40	<b>GBP/USD</b>	1.3285	1.3235
<b>EUR/KES</b>	129.20	132.75	<b>EUR/USD</b>	1.1890	1.1845
<b>INR/KES</b>		1.5150	<b>AUD/USD</b>	0.7300	0.7290
			<b>USD/INR</b>	74.10	74.20
			<b>Commodities</b>		
			<b>Gold</b>	1867	1858
			<b>Brent Crude</b>	44.19	44.17

## T-Bills Rates:

Duration	Current	Previous
91 Days	6.706%	6.674%
182 Days	7.152%	7.114%
364 Days	8.094%	8.042%

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