

DAILY FOREX NEWSLETTER

Wednesday, 25th November 2020

Local Markets:

The Kenyan Shilling edged down on Tuesday due to increased dollar demand from importers as they close their end of month obligations.

Top News:

- Gold was down on Wednesday morning in Asia as investor risk appetite grows on vaccine hopes and turning away from safe-haven assets.
- Oil was up on Wednesday morning in Asia, as the market responded to the anticipated roll out of COVID-19 vaccinations and certainty in the U.S. political sphere, both pointing to increased demand

International Markets

USD: The dollar nursed losses on Wednesday as progress in developing a novel coronavirus vaccine and expectations for a fiscal boost from a new U.S. government triggered a shift of funds from the greenback to riskier assets. The U.S. currency teetered near a two-month low against the Australian dollar and a two-year low against the New Zealand dollar, both considered barometers of risk sentiment due to their close ties with the global commodities trade. The U.S. dollar's declines are likely to continue because a vaccine and the expected choice of former Federal Reserve Chair Janet Yellen as U.S. President-elect Joe Biden's next Treasury secretary relieve two big uncertainties for investors.

GBP: GBP/USD looks for a clear direction between 1.3353 and 1.3366. UK's Gove pushes EU, Labour leader Keir Starmer suggests backing any deal. Heaviest borrowing cost since World War Two pushes British Chancellor Sunak towards more spending announcements. US GDP, FOMC minutes and vaccine updates are additional catalysts to watch. GBP/USD remains choppy inside the 13-pips trading range, currently around 1.3357, while heading into Wednesday's London open. The pair traders mark indecisiveness amid a lack of major data/events as well as mixed clues for Brexit.

EUR: EUR/USD ekes out gains as dollar remains on the offer. Risk remains bid on easing of US political uncertainty. Volatility may rise later Wednesday with the release of crucial US economic data. EUR/USD trades above 1.19, as coronavirus vaccine optimism and easing US political uncertainty keeps risk assets better bid and the safe-haven dollar under pressure. On Tuesday, President Trump said that his aides would cooperate with President-elect Joe Biden's transition to the White House.

INR: The Indian rupee opened 1 paise higher against the US dollar on Wednesday amid upbeat domestic equities and a weaker greenback. Rupee opened at 73.99 against the US dollar, compared with the previous close of 74.00. At 10:12 am, it was up 4 paise at 73.96. On Tuesday, rupee rose after consolidating in a narrow range for the past couple of sessions as domestic equities trend higher on back of FII fund flow in the equity segment.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	109.30	112.10			
GBP/KES	144.60	149.95	GBP/USD	1.3350	1.3340
EUR/KES	129.70	133.75	EUR/USD	1.1905	1.1855
INR/KES		1.5275	AUD/USD	0.7345	0.7320
			USD/INR	73.90	73.90
			Commodities		
			Gold	1800	1824
			Brent Crude	48.03	46.48

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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