

DAILY FOREX NEWSLETTER

Wednesday, 21st October 2020

Local Markets:

The Kenyan Shilling weakened slightly on Monday as demand from energy and merchandising importers exceed dollar inflows.

Top News:

- Oil prices fell on Wednesday after a surprise climb in U.S. crude stockpiles added to concerns about a global supply glut as a spike in global Covid-19 cases fuels demand fears and production returns in Libya.
- Gold prices rose on Wednesday, propped up by a softer dollar and increasing hopes for a new U.S. coronavirus relief package ahead of the November elections.

International Markets

USD: The dollar hit a one-month low on Wednesday as investors who are optimistic about a pre-election U.S. stimulus package sought out riskier currencies, while the strong recovery in China's economy helped drive the yuan to a two-year high. President Donald Trump has raised hopes for a stimulus breakthrough, saying he was willing to accept a large aid bill, despite opposition from his own Republican Party. Doubts that any package can actually pass the Senate are keeping the dollar from breaching last month's two-year lows.

GBP: The pound cut its gains against the greenback Tuesday, as the U.K. continues to dig in its heels over restarting trade talks with the EU and parts of Britain go into lockdown to curb virus infections. GBP/USD cheers the broad US dollar weakness amid risk-on mood, making headways towards 1.3000. Buyers speculate that the EU's soft stand cuts the odds for no-deal Brexit. All eyes on UK inflation, with the headline CPI expected to recover to 0.5% on an annual basis. Cable is seen trading on a defensive stance and below the 1.3050 level for the time being

EUR: The US aid optimism powers EUR/USD to one-month highs. Markets cheer risk-on and ignore the rise in treasury yields. Uptrend prone to sudden pause/pullback, as the ECB is under pressure to boost stimulus. EUR/USD is gaining altitude, with the US dollar struggling to draw bids despite the uptick in the treasury yields and dovish European Central Bank (ECB) expectations. The pair is currently trading at 1.1847, the highest level since Sept. 21, having picked up a bid below 1.17 on Oct. 15. The yields are rising along with stocks amid renewed expectations for an additional US fiscal stimulus deal, which would cause the widening of the already record budgetary gap.

INR: The rupee on Wednesday opened 6 paise higher at 73.41 against the US dollar tracking gains in the domestic equity market. The local currency on Tuesday depreciated by 10 paise to close at 73.47 against the greenback due to dollar buying by state-run banks amid increased forex inflows. The domestic unit consolidated in a narrow range for the first half of the session on Tuesday but was weighed down in the latter half ahead of PM Modi's address to the nation.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	108.30	110.50			
GBP/KES	140.10	143.80	GBP/USD	1.2990	1.2945
EUR/KES	128.10	131.30	EUR/USD	1.1855	1.1720
INR/KES		1.5100	AUD/USD	0.7085	0.7095
			USD/INR	73.40	73.30
			Commodities		
			Gold	1920	1912
			Brent Crude	42.80	42.88

T-Bills Rates:

Duration	Current	Previous
91 Days	6.520%	6.468%
182 Days	6.909%	6.853%
364 Days	7.800%	7.762%

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