DOMESTIC NEWS

The Kenya shilling ceded ground against the dollar in the first trading session of the week, as dollar demand continued to edge out supply.

Activity on the demand counter trumped minimal foreign currency inflows to nudge the domestic unit a few cents lower by the day’s close.

Looking ahead, flows remain the main determinant for the direction of the local unit, and we expect it to trade within recent established ranges.

INTERNATIONAL NEWS

The U.S dollar was mixed on Monday dipping against a basket of currencies, but remaining near a one-week high. This is as investors took stock of developments in the Middle East and braced for a slew of speeches by central bank officials this week headlined by Fed Chair Powell who is due to speak on Thursday. Fed officials will enter into a blackout period on Oct. 21 before the Fed’s Oct. 31–Nov. 1 meeting, during which speeches and interviews will be limited.

The Euro appreciated moderately against the U.S. dollar on Monday, but gains were restrained amid market caution. With geopolitical tensions casting a shadow over the economic outlook in the Eurozone, the EUR/USD pair will remain in a precarious position and subject to headline-driven swings. Market attention now shifts focus to German Economic sentiment data out today, ECB President Lagarde’s speech on Wednesday and the Euro Area core inflation set to be released later in the week.

The Sterling Pound sat within its recent ranges against the dollar in choppy trading on Monday, with markets looking forward to the always-important inflation data that will further guide the Bank of England’s interest rate path on the horizon. Investors are on lookout for Britain’s consumer price index (CPI) due on Wednesday, as well as earnings data set to be released today.

In early Asian trading, the USD/JPY pair extended its sideways consolidative price move for the second straight day and remains confined in a narrow range. Some traders see an increased potential for Japanese authorities to intervene to support the yen if it weakens past that level.