

DAILY FOREX NEWSLETTER

Tuesday 1st February 2022

Local Markets:

The Kenya's shilling was unchanged on Monday but was expected to weaken due to increased end-month importer dollar demand. Kenya's inflation rate KECPI=ECI fell to 5.39% in January from 5.73% a month earlier, the statistics office said on Monday

Top News:

- World stocks climbed higher on Monday as investors digested new optimism from the U.S. Treasury's top economist that inflationary pressures should ease in 2022 due to weaker demand for goods, easing supply bottlenecks and a receding coronavirus pandemic.
- Negotiators for the United Steelworkers union (USW) and U.S. oil and chemical companies were edging toward agreement on a new contract late Monday, people familiar with the talks said, cautioning that differences remain.

International Markets

USD: The U.S. dollar nursed its wounds on Tuesday following its biggest drop in nearly three weeks against major peers, as Federal Reserve policymakers allayed investor fears of a very rapid tightening of monetary policy.

GBP: GBP/USD is at a crossroads on the charts as traders get set for the BoE. A rebound in USD would be the foundation for a considerable bear continuation in cable. At 1.3440, GBP/USD is firm in Asia but is facing a wall of technical resistance in the build-up to the Bank of England this Thursday. There are hawkish expectations that have been priced into sterling but the improving trend in net GBP positions has come to an abrupt halt, as analysts at Rabobank explained in a note on Tuesday.

EUR: EUR/USD eases amid quiet Asian session, mixed updates. Fed speak refrains from clear hawkish communication, Russia-linked fears recede. US stock futures fail to track Wall Street, Treasury yields stay firmer. German Retail Sales, US ISM Manufacturing PMI to decorate calendar. EUR/USD struggles to stretch the previous day's bullish show, retreating towards 1.1200 during a quiet Asian session on Tuesday. The major currency pair rose the most since mid-November the previous day as the market's shifted attention from the hawkish Fed, which in turn allowed traders to pare the latest losses.

INR: USD/INR bears keep reins near one-week low ahead of the key India Union Budget. Hopes of increased spending, tax reliefs favored INR bulls of late. Mixed sentiment in Asia adds to the trading filters, US ISM Manufacturing PMI eyed as well. Having dropped the most since late August the previous day, the USD/INR pair remains on the back foot around 74.50 as traders await India Union Budget during early Tuesday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	149.40	155.20	GBP/USD	1.3480	1.3440
EUR/KES	124.50	129.55	EUR/USD	1.1280	1.1185
INR/KES		1.5580	AUD/USD	0.709	0.7040
			USD/INR	74.30	74.80
			Commodities		
			Gold	1800	1787
			Brent Crude	89.65	91.07

T-Bills Rates:

Duration	Current	Previous
91 Days	7.343%	7.331%
182 Days	8.112%	8.069%
364 Days	9.544%	9.510%

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