

DAILY FOREX NEWSLETTER

Thursday 3rd Feb 2022

Local Markets:

The Kenya's shilling was trading unchanged against the dollar on Wednesday but was expected to weaken due to increased importer demand amid subdued inflows. Kenya plans to spend an extra 108.5 billion shillings (\$956.7 million) in the fiscal year to end June, the finance ministry said, a move that will raise the fiscal deficit to 8.1% of gross domestic product from the initial target of 7.5%.

Top News:

- Global stocks rallied on Wednesday to close higher as strong earnings from U.S. technology companies and OPEC+ plans for moderate oil output helped to counter jitters over weak economic reports.
- Oil prices eased on Thursday following weak U.S. payrolls data and some profit taking but remained underpinned by tight supply as OPEC+ producers stuck to planned moderate output increases.

International Markets

USD: The dollar declined to a more than a one-week low on Wednesday after data showed a drop in U.S. private sector employment in January due to the increase in COVID-19 infections

GBP: GBP/USD traders get set for the BoE as the main event. US dollar stays pressured, helping the cable bulls along. It is a big day for sterling traders with the Bank of England that is expected to lift rates by another 25bps to 0.50% in order to combat ongoing inflation risks. To this end, the pound has been performing well in its own right but also riding the coattails of US dollar weakness. At 1.3566, cable is flat and consolidating ahead of what could be a rollercoaster ride in European financial markets today.

EUR: EUR/USD retreats from eight-day top, snaps four-day uptrend. Record top inflation, all-time low unemployment rate favor ECB hawks to back rate hikes in 2022. The bloc's central bank isn't expected to alter monetary policy measures, nor release the revised economic projections. US ISM Services PMI, Factory Orders and second-tier jobs data may also entertain traders. EUR/USD bulls take a pause around 1.1300, after a four-day uptrend to refresh weekly top, amid the pre-ECB mood.

INR: USD/INR picks up bids to consolidate weekly losses. Successful bounce off 100-SMA, sustained break of 200-SMA keep buyers hopeful amid steady RSI. Three-week-old previous support line restricts short-term upside. USD/INR struggles around 74.80 during the third positive day amid early European morning on Thursday. In doing so, the Indian rupee (INR) pair justifies the early week rebound from the 100-SMA, as well as a clear break of the 200-SMA.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	150.00	156.20	GBP/USD	1.3585	1.3540
EUR/KES	125.10	130.20	EUR/USD	1.1340	1.1295
INR/KES		1.5550	AUD/USD	0.7145	0.7160
			USD/INR	74.55	74.60
			Commodities		
			Gold	1806	1798
			Brent Crude	89.25	89.52

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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