

DAILY FOREX NEWSLETTER

Wednesday 11th May 2022

Local Markets:

The Kenya's shilling eased slightly against the dollar on Monday, hit by unmatched greenback demand from fuel importers and manufacturers.

Top News:

- Asian shares edged higher on Wednesday from close to two-year lows hit in the previous session and the dollar held steady, ahead of keenly awaited U.S. inflation data that will offer a guide to how aggressively the U.S. Fed will raise rates.
- Oil rose on Wednesday, following a 9% drop over the previous two sessions, on supply concerns as the European Union worked on gaining support for a ban on Russian oil and major producers warned they may struggle to fill the gap when demand improves.

International Markets

USD: The dollar was down on Wednesday morning in Asia, but remained near a two-decade high, ahead of U.S. inflation that could indicate how aggressively the Federal Reserve will tighten monetary policy.

GBP: GBP/USD snaps four-day downtrend with mild gains around two-year low. UK PM Johnson gives last chance to EU before scrapping Brexit protocols over NI. UK think-tank suggests rate hike to 2.5%, expects firmer consumption due to pandemic savings. USD pulls back as yields retreat, sentiment improves amid mixed Fed speak, hopes of easing CPI. GBP/USD pares recent losses around the lowest levels since June 2020, up 0.13% intraday near 1.2330, during early Wednesday morning in Europe. In doing so, the cable pair prints intraday gains for the first time in five days as market sentiment consolidates amid pre-CPI caution, as well as due to mixed data/updates.

EUR: EUR/USD stays depressed inside a two-week-old trading range. Hawkish Fed speak, risk-off mood underpins USD strength, Euro struggles on softer ECB speak, Russia-Ukraine tussles. US CPI for April will be crucial amid hopes of an easy number, chatters surrounding Fed's 75 bps rate hike. ECB's Lagarde eyed for clarity over the widely discussed July rate lift. EUR/USD refreshes intraday low around 1.0525, extending the previous day's downbeat performance during Wednesday's Asian session, as global markets turn cautious ahead of the all-important US inflation data for April. Also favoring the pair sellers are the recently hawkish Fed speak, as well as covid and geopolitical risks.

INR: USD/INR extends pullback from record top, takes offers to renew intraday low. Better sentiment, softer yields probe USD buyers ahead of the key US CPI data. Fears of 'shocker' inflation from India jostle RBI intervention to defend the pair buyers. Fed speak, China and Russia are extra catalysts to watch for clear directions. USD/INR takes offers to renew intraday low around 77.20, stretching the previous day's U-turn from a record high, as markets brace for the all-important US inflation data during early Wednesday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	115.50	118.60			
GBP/KES	142.50	147.00	GBP/USD	1.2380	1.2393
EUR/KES	121.00	125.80	EUR/USD	1.0585	1.0590
INR/KES		1.5550	AUD/USD	0.6990	0.6995
			USD/INR	76.90	76.90
			Commodities		
			Gold	1838	1862
			Brent Crude	104.85	115.00

T-Bills Rates:

Duration	Current	Previous
91 Days	7.580%	7.497%
182 Days	8.542%	8.458%
364 Days	9.840%	9.776%

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