

DAILY FOREX NEWSLETTER

Thursday 26th May 2022

Local Markets:

The Kenya's shilling was little changed on Wednesday, and it was expected to weaken further after hitting a fresh all-time low as dollar demand from all sectors outmatched a scarce inflow.

Top News:

- Asian share markets slipped on Thursday after minutes from the Federal Reserve's early May meeting showed a majority backing half-percentage-point rate hikes in June and July, and as persistent concerns over global growth sapped confidence.
- Oil prices rose on Thursday, extending a cautious rally this week on signs of tight supply while the European Union (EU) wrangles with Hungary over plans to ban imports from Russia, the world's second-largest crude exporter, after it invaded Ukraine.

International Markets

USD: The dollar was down on Thursday morning in Asia, with the safe-haven asset remaining near a one-month low. Investor risk appetite improved after the minutes from the U.S. Federal Reserve's last meeting.

GBP: GBP/USD pares gains around three-week high, holds lower ground of late. Brexit woes, BOE. Speak and subdued sentiment weigh on prices. Fed Minutes underpinned recovery moves ahead of preliminary US Q1 GDP. GBP/USD bulls take a breather around a three-week top as buyers struggle for clear directions amid mixed catalysts and a sluggish session during early Thursday in Europe. That said, the cable pair refreshed multi-day high with 1.2612 level before easing to 1.2575, taking rounds to 1.2585 by the press time.

EUR: EUR/USD is struggling to sustain above 1.0700 as a rate hike expectation by the ECB has strengthened. The DXY is continued with a subdued performance despite the hawkish FOMC minutes. The US GDP and PCE are seen stabled at -1.4% and 7% respectively. The EUR/USD pair is hovering around 1.0700 and is expected to establish above the same comfortable amid subdued performance from the US dollar index (DXY). The shared currency bulls are swiftly scaling higher after sensing a cushion from its crucial support at around 1.0640.

INR: USD/INR picks up bids to snap three-day downtrend, bounces off weekly low. FOMC Minutes, RBI's assurance to limit "runaway" INR slump challenge pair buyers. Firmer oil prices, subdued sentiment and exodus of funds from Indian equities bar gate for bears. US GDP, Fed's preferred inflation gauge will be important this week, risk catalysts should be watched too. USD/INR consolidates weekly losses around 77.55, staying inside a fortnight-long trading range surrounding 77.30-80 as traders struggle with diverse catalysts during Thursday's Asian session.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 116.50 | 122.30 | | | |
| GBP/KES | 145.20 | 153.80 | GBP/USD | 1.2585 | 1.2595 |
| EUR/KES | 122.50 | 131.20 | EUR/USD | 1.0740 | 1.0720 |
| INR/KES | | 1.5890 | AUD/USD | 0.7140 | 0.7120 |
| | | | USD/INR | 76.90 | 77.00 |
| | | | Commodities | | |
| | | | Gold | 1861 | 1855 |
| | | | Brent Crude | 114.95 | 112.67 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.758% | 7.683% |
| 182 Days | 8.832% | 8.722% |
| 364 Days | 9.879% | 9.860% |
| | | |

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