

DAILY FOREX NEWSLETTER

Friday 27th May 2022

Local Markets:

The Kenya's shilling was broadly stable in scant trade on Thursday, as the supply of dollars struggled to match demand from the manufacturing sector.

Top News:

- Asian shares extended overnight global gains thanks to strong results from regional tech firms and U.S. retailers, while investors also took comfort from Federal Reserve minutes showing a pause to its rate hikes is on the cards later this year.
- Oil prices hovered around a two-month high on Friday, with Brent crude on track for its biggest weekly jump in 1-1/2 months, supported by the prospect of an EU ban on Russian oil and the coming summer driving season in the United States.

International Markets

USD: The dollar was down on Friday morning in Asia. The U.S. currency fell to a one-month low, with investors lowering U.S. Federal Reserve interest rate hike expectations and signs that the central bank could slow or even pause its tightening cycle in the second half of 2022.

GBP: A bullish reversal has been triggered as the asset has overstepped 38.2% Fibon retracement. The asset is comfortably balancing above the 200-EMA. The RSI (14) has shifted into a 60.00-80.00 range, which adds to the upside filters. The GBP/USD pair is sensing a mild selling pressure near 1.2660 after a vertical upside move in the Asian session. The cable has remained in the grip of bulls after hitting the monthly lows at 1.2155. A two-day winning streak has been continued by the pound bulls on Friday after overstepping Thursday's high at 1.2621.

EUR: EUR/USD has renewed its monthly highs at 1.0765 on the soaring market mood. Rising odds of a rate hike by the ECB have supported the euro bulls. The DXY has extended its losses after slipping to the weekly low at 101.65. The EUR/USD pair is advancing sharply higher on broader weakness in the greenback. The pair has attacked 1.0760 and is expected to extend its gains further on a bullish open drive set up in the Asian session. The shared currency bulls are driving the asset strongly higher right from the first auction. The asset has renewed its monthly highs at 1.0765 and bullish momentum is still intact.

INR: USD/INR eyes the first weekly loss in four despite the latest inaction. Moody's cut India's calendar year 2022 GDP forecasts to 8.8%. US dollar's slump to monthly low challenges buyers ahead of the Fed's preferred inflation gauge. USD/INR pares daily losses around 77.60, following an uptick towards the weekly top, as India's GDP cut battles broad US dollar weakness during early Friday.

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	1.2685	1.2585
EUR/KES	122.50	131.20	EUR/USD	1.0785	1.0740
INR/KES		1.5890	AUD/USD	0.7181	0.7140
			USD/INR	76.90	77.00
			Commodities		
			Gold	1853	1861
			Brent Crude	117.59	114.95

T-Bills Rates:

Duration	Current	Previous
91 Days	7.744%	7.758%
182 Days	8.901%	8.832%
364 Days	9.881%	9.879%

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