

# DAILY FOREX NEWSLETTER

Wednesday 4th May 2022

## Local Markets:

The Kenyan shilling was broadly stable in quiet trade on Thursday, but greenback demand from the energy sector was exerting pressure on the local unit.

## Top News:

- A gauge of global equity markets edged higher on Tuesday while 10-year U.S. Treasury yields slid from the 3% level as investors remained cautious, expecting the Federal Reserve to hike rates by the most in a single day since 2000 to curb inflation.
- Oil prices rose at the start of Asian trade on Wednesday after industry data showed drawdowns in U.S. crude and fuel stockpiles, raising supply concerns and offsetting worries about slowing demand from top importer China.

## International Markets

**USD :**The U.S. dollar slipped against a basket of currencies on Tuesday, as investors evaluated how much of the Federal Reserve's expected move to hike rates this week and beyond was already priced in.

**GBP:** GBP/USD bulls have stepped in as the US dollar is faded ahead of the Fed. The Fed is widely expected to announce a hawkish hike. At 1.2495, GBP/USD is flat in Asia in what could be the quiet before the storm should there be any surprises in the Federal Reserve interest rate decision. The US dollar retreated against a basket of currencies on Tuesday, wilting below the dollar index hit a 20-year high last week on expectations the Fed will be more aggressive than peers as it contends with inflation running at its fastest pace in 40 years. Markets traded positively, despite what is expected to be a 50bps rise accompanied by more hawkish guidance as well as the announcement of quantitative tightening.

**EUR:** EUR/USD is stuck around 1.0520 amid fears of Fed's policy in broader market mood. Investors should brace for balance sheet reduction and aggressive hawkish guidance. Euro's jobless rate has been recorded at 6.8%, weaker than the expectation of 6.7%. The EUR/USD pair is trading lacklustre in a quiet market mood as anxiety over the rate hike decision by the Federal Reserve (Fed) has paused the market participants to take any potential decision. The quiet and paused market movement signals the extent of fear in the sentiment of the market participants. Also, it dictates how significant the event is for the Fx domain.

**INR:** USD/INR remains pressured for the fourth consecutive day as it renews intraday low. LIC IPO hints at heavy inflow of funds in Indian markets. Hopes that Fed won't offer any surprises also underpin rupee strength. USD/INR holds onto the latest southward grind, down 0.05% intraday while refreshing daily lows to 76.40 by the press time.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	115.50	118.60			
<b>GBP/KES</b>	143.50	148.20	<b>GBP/USD</b>	1.2520	1.2540
<b>EUR/KES</b>	120.60	124.85	<b>EUR/USD</b>	1.0540	1.0540
<b>INR/KES</b>		1.5650	<b>AUD/USD</b>	0.7130	0.7110
			<b>USD/INR</b>	76.05	76.25
			<b>Commodities</b>		
			<b>Gold</b>	1866	1876
			<b>Brent Crude</b>	105.96	103.90

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.497%	7.448%
182 Days	8.458%	8.373%
364 Days	9.776%	9.755%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/, D/L 020-2223409/2213470 or general nos. 2228461/2

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