

DAILY FOREX NEWSLETTER

Thursday 5th May 2022

Local Markets:

The Kenya's shilling was steady on Wednesday, and it is expected it to weaken due to increased importer dollar demand, especially from fuel companies.

Top News:

- Asian shares tracked Wall Street gains on Thursday after the U.S. central bank raised interest rates by 50 basis points but sounded a less hawkish tone than some had feared, lifting investor sentiment, and sending the dollar lower.
- Oil prices edged higher on Thursday, extending gains from the previous session, as a European Union proposal for new sanctions against Russia, including an embargo on crude in six months, offset concerns over Chinese demand.

International Markets

USD: The dollar was down on Thursday morning in Asia, recording its sharpest fall in more than a month, as investors reacted to the U.S. Federal Reserve's latest policy decision that put paid to the possibility of super-size hikes.

GBP: GBP/USD pulls back from weekly top, consolidates the biggest daily gains in 13 months. UK PM Johnson renews NI protocol jitters amid Irish elections, pushing EU over compromise. USD struggles for clear directions around one-week low after the post-Fed slump. BOE is likely to announce 25 bps rate hike, but bulls need more to keep control. GBP/USD takes offers to renew intraday low around 1.2580, extending the pullback from the weekly top while paring the heaviest daily jump since April 2021. Headlines concerning Brexit hardships and cautious sentiment amid the Northern Ireland (NI) election, as well as ahead of the Bank of England (BOE) monetary policy, seem to favour sellers during early Thursday morning in Europe

EUR: EUR/USD is trading sideways but may start rallying again amid broader weakness in the greenback. The Fed will reduce its balance sheet size at a much faster pace than in 2017-19. A European embargo on Russian oil can take place within six months. The EUR/USD pair is oscillating in a narrow range of 1.0603-1.0642 in the Asian session after a firmer upside move from 1.0534. The asset is collecting more investors and will resume rallying higher to test 1.0650.

INR: The Indian rupee was trading higher versus the U.S. currency, tracking the broad decline on the dollar, after Federal Reserve Chair Jerome Powell indicated that 75-basis-points rate hikes were unlikely.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	115.50	118.60			
GBP/KES	144.50	149.20	GBP/USD	1.2580	1.2520
EUR/KES	121.60	126.20	EUR/USD	1.0640	1.0540
INR/KES		1.5700	AUD/USD	0.7260	0.7130
			USD/INR	75.60	76.05
			Commodities		
			Gold	1900	1866
			Brent Crude	110.65	105.96

T-Bills Rates:

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

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