

DAILY FOREX NEWSLETTER

Tuesday 14th June 2022

Local Markets:

The Kenya's shilling weakened on Monday, undermined by increased demand for hard currency, especially from oil importing companies.

Top News:

- Asian shares tumbled on Tuesday after Wall Street hit a confirmed bear market milestone and bond yields struck a two-decade high on fears aggressive U.S. interest rate hikes would push the world's largest economy into recession.
- Oil prices seesawed in positive and negative territory on Tuesday, holding up despite recession fears and potential new COVID-19 curbs in China that could dampen demand as the market remains tightly supplied.

International Markets

USD: The U.S. dollar stood by a fresh 20-year peak on Tuesday and just about everything else nursed losses as investors braced for aggressive Federal Reserve rate hikes and a possible recession.

GBP: GBP/USD fades the bounce off multi-day low as hawkish Fed expectations battle doubts over BOE's capacity. Fears of UK's recession, Brexit and the political turmoil also exert downside pressure on the cable. UK jobs report is likely to show sign of resilience and can trigger corrective pullback, US PPI eyed as well. GBP/USD fails to extend the early Asian session rebound from a two-year low as it eases back to 1.2150 on Tuesday. The cable pair's latest weakness could be linked to the growing fears surrounding the UK's economic hardships, as well as the Bank of England's (BOE) ability to tame inflation and avoid recession, ahead of the monthly employment data from Britain.

EUR: EUR/USD has witnessed bids around 1.0400 amid a minor correction in the DXY. The Fed is expected to dictate a rate hike by 75 bps to fix the inflation mess. ECB Lagarde's speech may provide a roadmap for elevating the rate cycle from July. The EUR/USD pair is witnessing a minor cushion marginally below 1.0400 in the Asian session, however, more downside is still favoured amid broader strength in the US dollar index (DXY). The major has extended its three-day losing streak after slipping below Monday's low at 1.0400 and is expected to recapture its five-year low at 1.0345

INR: The Indian rupee traded little changed to the dollar amid expectations that the Reserve Bank of India would step in to protect the local currency from mounting external risks. The rupee was last quoting at 78.04 to a dollar, unchanged from yesterday. The RBI, according to traders, had sold dollars yesterday when the rupee fell to a record low of 78.29

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	117.00	122.50			
GBP/KES	140.50	150.20	GBP/USD	1.2220	1.2320
EUR/KES	120.60	129.00	EUR/USD	1.0465	1.0520
INR/KES		1.5910	AUD/USD	0.6985	0.7055
			USD/INR	77.25	77.55
			Commodities		
			Gold	1825	1864
			Brent Crude	122.08	120.10

T-Bills Rates:

Duration	Current	Previous
91 Days	7.866%	7.811%
182 Days	9.037%	8.974%
364 Days	9.952%	9.935%

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