

DAILY FOREX NEWSLETTER

Wednesday 15th June 2022

Local Markets:

The Kenya's shilling was stable on Tuesday and traders said it was expected to lose ground due to increased demand for dollars from oil importing companies, a dearth of inflows and a stronger U.S. currency on global markets.

Top News:

- Asian markets were in a pensive mood on Wednesday as shell-shocked investors waited to see just how aggressive the Federal Reserve would be on rates, with many fearing drastic action would risk tipping the world into recession.
- Oil prices dropped on Wednesday on worries over fuel demand ahead of a U.S. Federal Reserve meeting which is expected to see the central bank to hike rates by at least 75 basis points to combat inflation.

International Markets

USD: The dollar was down on Wednesday morning in Asia, although investors bet on aggressive interest rate hikes from the U.S. Federal Reserve meeting.

GBP: GBP/USD stages a solid comeback amid risk-on mood, USD retreat. Investors reposition ahead of the Fed and BOE event risks. Cable achieved a bearish channel measured target; a rebound is inevitable. GBP/USD is hovering in the green zone for the first time in six trading days, bears seem to have faced exhaustion after a tumultuous week so far. Cable is seeing fresh signs of life, helped by the return of risk appetite on upbeat Chinese activity data and as nervousness eases ahead of the expected 75 bps rate hike by the Fed.

EUR: An Inverted Flag formation is bolstering the greenback bulls for a downside move towards 1.0300. The greenback bulls have defended the 50-EMA, which marks a major hurdle. A (40.00-60.00) range move by the RSI (14) is favouring consolidation ahead. The EUR/USD pair has attracted some significant offers around 1.0400 in the Tokyo session amid a rebound in the positive market sentiment. A recovery in the asset is observed after a sheer downside move from Thursday's high at 1.0774. The pair has turned sideways in a range of 1.0397-1.0418 from the last two trading sessions

INR: USD/INR pares the biggest daily loss in three weeks. India reports highest daily rise in covid infections since late February. Pullback in yields, DXY tests pair buyers, China data also exert downside pressure. Fed's ability to tame inflation and recession fears will be at a test as markets expect aggressive action. USD/INR stays defensive around 78.00, following a pullback from 78.27, as coronavirus woes in India jostle with the US dollar retreat ahead of the key Federal Open Market Committee (FOMC).

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	117.00	122.50			
GBP/KES	138.50	148.20	GBP/USD	1.2050	1.2220
EUR/KES	120.60	129.00	EUR/USD	1.0460	1.0465
INR/KES		1.5910	AUD/USD	0.6950	0.6985
			USD/INR	77.45	77.25
			Commodities		
			Gold	1813	1825
			Brent Crude	121.20	122.08

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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