

# DAILY FOREX NEWSLETTER

Tuesday 12<sup>th</sup> July 2022

## Local Markets:

The Kenya's shilling was broadly stable on Friday, supported by foreign currency inflows from the diaspora and slowing domestic dollar demand from businesses ahead of the August election.

## Top News:

- Asian shares fell on Tuesday, weighed down by the prospect of further monetary policy tightening by Central Banks, China's renewed COVID outbreak and Europe's energy shortage, which also left the euro a whisker from parity with the safe haven dollar.
- Oil prices fell on Tuesday as fresh COVID-19 curbs in China, the world's biggest crude importer, and fears of a global economic slowdown weighed on the fuel demand outlook.

## International Markets

**USD:** The euro slid to a 20-year low and came closer to parity against the dollar on Monday on concerns that an energy crisis will tip the region into a recession, while the U.S. currency was boosted by expectations that the Federal Reserve will hike rates faster and further than peers.

**GBP:** GBP/USD is likely to display more losses below 1.1860 as odds of a higher US inflation have advanced. The scenario of lower earnings along with real income shock is no less than a nightmare for the households. The preliminary estimate for the annual CPI is 8.8% and for core CPI is 5.7%. The GBP/USD pair is hovering around the fresh two-year low printed in the Asian session at 1.1860. A fresh round of selling looks around the corner as investors are underpinning the greenback in the entire FX gamut. Rising anxiety over the release of the US Inflation which is due on Wednesday has brought extreme selling pressure for the risk-perceived currencies.

**EUR:** EUR/USD has displayed a mild recovery after hitting a low near 1.0000. Soaring inflation consensus has underpinned the risk-off impulse. The outcome of the Eurogroup meeting will be of utmost importance. The EUR/USD pair has picked bids after hitting a low much closer to the psychological support of 1.0000 in the Asian session. Earlier, the asset slipped after the downside break of the consolidation movement formed in a narrow range of 1.0034-1.0055 in early Tokyo. The mild corrective doesn't seem a confident one, therefore the downside looks possible in case of violation of the 1.000 magical figure.

**INR:** USD/INR prints four-day uptrend to refresh an all-time high. RBI as inflation is likely to remain stronger for longer. US dollar cheers risk-off mood amid strong inflation expectations ahead of Wednesday's CPI. Headlines concerning China, Europe also weigh on the market sentiment. USD/INR takes the bids to refresh its all-time high at 79.58 during the four-day uptrend as US dollar bulls keep the reins amid fears of recession and inflation. Also contributing to the Indian rupee (INR) pair's run-up during Tuesday's Asian session are the downbeat market forecasts over the nation's economic prospects.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	118.50	125.50			
<b>GBP/KES</b>	139.80	149.45	<b>GBP/USD</b>	1.1895	1.2050
<b>EUR/KES</b>	118.00	125.90	<b>EUR/USD</b>	1.0080	1.0185
<b>INR/KES</b>		1.5980	<b>AUD/USD</b>	0.6755	0.6845
			<b>USD/INR</b>	78.40	78.20
			<b>Commodities</b>		
			<b>Gold</b>	1728	1745
			<b>Brent Crude</b>	105.39	105.70

## T-Bills Rates:

Duration	Current	Previous
91 Days	8.167%	8.097%
182 Days	9.253%	9.196%
364 Days	9.980%	9.985%

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