

DAILY FOREX NEWSLETTER

Thursday 21st July 2022

Local Markets:

The Kenyan shilling firmed slightly against the dollar in light trade on Wednesday following the approval of an International Monetary Fund (IMF) loan.

Top News:

- Asian stocks inched lower while the dollar held firm on Thursday as a looming interest rate hike in Europe and uncertainty over the westward supply of Russian gas kept traders on edge.
- Oil prices fell on Thursday for a second straight session, as demand concerns outweighed tight global supply after U.S. government data showed tepid gasoline demand during the peak summer driving season.

International Markets

USD: The dollar was down on Thursday morning in Asia as the European Central Bank is poised to hike interest rates for the first time since 2011 and the key Russia gas pipeline is scheduled to reopen later in the day.

GBP: GBP/USD bears are lining up for a push lower, but bulls are moving in on hourly resistance. The hourly M-formation neckline needs to hold at this juncture. GBP/USD is trading flat on the day, so far, but is close to the New York lows and trading on the backfoot. The US dollar has been under demand for the last few sessions on political turmoil in Europe and ahead of the European Central Bank while the pound has been unable to fully relish the surprise outcome of UK inflation.

EUR: EURUSD price reverses the previous day's pullback from fortnight high. Market sentiment remains sour, but US dollar struggles to justify its safe-haven appeal amid Fed's blackout periods. ECB is set for a 0.25% rate hike but widely discussed 50 bps move tease policy hawks, pair bulls. EURUSD price grinds higher around the intraday top near 1.0225 as traders brace for the key monetary policy announcements from the European Central Bank (ECB). It's worth noting, however, that the US dollar's struggle to justify its safe-haven appeal, even at the time when recession and covid fears escalate, appears to challenge the pair buyers as they pare the previous day's losses around the weekly top.

INR: The Indian rupee weakened at the open on Thursday and was trading just shy of its lifetime low hit earlier this week, tracking losses in most other Asian peers but traders expect dollar-selling intervention by the central bank to limit losses.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	125.60			
GBP/KES	140.50	151.10	GBP/USD	1.2040	1.2050
EUR/KES	120.10	128.65	EUR/USD	1.0245	1.0280
INR/KES		1.5980	AUD/USD	0.6945	0.6950
			USD/INR	78.97	78.95
			Commodities		
			Gold	1692	1709
			Brent Crude	106.05	106.58

T-Bills Rates:

Duration	Current	Previous
91 Days	8.248%	8.167%
182 Days	9.305%	9.253%
364 Days	9.986%	9.980%

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.