

DAILY FOREX NEWSLETTER

Monday 25th July 2022

Local Markets:

The Kenyan shilling was unchanged against the dollar amid slim trading volumes on Friday.

Top News:

- Asian stocks lost ground on Monday, retreating from over three-week highs as worries about a global economic downturn sapped investors' risk appetite.
- Oil fell on Monday, reversing earlier gains but continuing a recent losing streak, on concerns that an expected increase in interest rates in the U.S., the world's biggest oil user, may limit fuel demand growth.

International Markets

USD: The dollar was on a firm footing on Monday, as traders brace for a sharp U.S. interest rate hike this week and look for safety as data points to a weakening global economy.

GBP: GBP/USD is eyeing to surpass 1.2000 as DXY turns weaker on expectations of a slowdown in the US. The Fed is likely to announce a consecutive rate hike by 75 bps this week. Lower UK Retail Sales data may result in slippage in sterling. The GBP/USD pair has recovered half of its intraday losses and is aiming to recapture the psychological resistance of 1.2000. The cable has shifted into a correction phase after hitting a high of 1.2064 on Friday. On a broader note, the asset is displaying topsy-turvy moves as the US dollar index (DXY) has displayed a sideways movement in the past week.

EUR: EURUSD price is holding the bounce above 1.0200 amid a cautious mood. ECB's Lagarde pledges to continue rate hikes until inflation falls back to 2%. The US dollar stalls the bounce, focus now shifts to the German IFO survey. EURUSD price is struggling to extend the renewed upside above 1.0200, as investors assess global recession risks ahead of the all-important Fed rate hike decision this week.

INR: USD/INR to open firm, Market continues to gun for clean break above 80. Extended outflows, bullish USD on risk off, inflation, recession fears underpin. Approaching month end demands from corps and locals, hedging int weigh on INR .above 80.06 record high to fresh scramble towards 80.50 next NDFs last ind at 80.11-14; USD/INR closed at 79.90 on Friday. RBI's intvn to wane, as reserves continue to dribble lower. FX reserves at lowest in 20 months, -\$7.541 bln to \$572.71 bln in week ending July 15. RBI has zero tolerance for INR volatility.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	125.60			
GBP/KES	140.50	150.50	GBP/USD	1.1990	1.1995
EUR/KES	120.10	128.20	EUR/USD	1.0245	1.0195
INR/KES		1.5890	AUD/USD	0.6955	0.6945
			USD/INR	78.95	78.99
			Commodities		
			Gold	1725	1713
			Brent Crude	102.58	104.75

T-Bills Rates:

Duration	Current	Previous
91 Days	8.322%	8.248%
182 Days	9.393%	9.305%
364 Days	9.968%	9.986%

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