

# DAILY FOREX NEWSLETTER

Thursday 28th July 2022

## Local Markets:

The Kenya's shilling was little changed on Wednesday, and it was expected to weaken due to increased dollar demand from various sectors, especially oil importers. Kenya's Central Bank held its benchmark lending rate KECBIR=ECI at 7.5% on Wednesday to allow May's hike to transmit its way through the economy, its monetary policy committee (MPC) .

## Top News:

- Asian shares made cautious gains on Thursday as investors scented a possible slowdown in the pace of U.S. rate hikes, comforting bond markets and sending the dollar to a three-week low on the yen.
- Oil gained more than \$1 a barrel on Thursday, extending gains from the previous session, buoyed by improved risk appetite among investors while lower crude inventories and a rebound in gasoline demand in the United States supported prices.

## International Markets

**USD:** The dollar dropped to a three-week low versus the yen on Thursday after Federal Reserve Chair Jerome Powell assuaged investors' worries about continued aggressive monetary tightening.

**GBP:** GBP/USD remains sidelined around monthly high, recently easing from the top. US dollar slumped after Fed's 0.75% rate hike as Chairman Powell teased net neutrality. Downbeat British car production, fears of UK real-estate recession and political jitters probe Pound buyers. Flash readings of US Q2 GDP, Xi-Biden meeting and political headlines from London will be the key. GBP/USD changes hands around the monthly high of 1.2186, recently easing to 1.2165, as bulls and bears jostle amid the market's indecision during early Thursday morning in Europe.

**EUR:** EUR/USD is looking to surpass 1.0220 to record more gains as DXY has extended losses. Fed's consecutive rate hike by 75 bps has failed to support the DXY. This week, the GDP data from the US and Eurozone will remain in limelight. The EUR/USD pair is displaying a tad higher range oscillation around 1.0200 in the Asian session. The asset is likely to extend the prior recovery after overstepping late Tuesday's high at 1.0220. Plummeting US dollar index (DXY) has underpinned the risk-on market mood and the risk-sensitive currencies are capitalizing on the same.

**INR:** USD/INR remains pressured inside two-week-old trading range, pokes short-term support line of late. 100-SMA, one-month-old ascending trend line adds strength to the downside filters. Bulls should wait for a daily close beyond 80.20 to retake control. RSI, MACD signals hint that buyers are running out of steam. USD/INR extends the post-Fed losses as the bears attack a five-week-old rising trend line support near 79.80 during the initial hour of the Indian trading session on Thursday. Even so, the pair remains inside a fortnight-long trading range between 80.20 and 79.70.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	118.50	125.60			
<b>GBP/KES</b>	142.50	153.00	<b>GBP/USD</b>	1.2195	1.2085
<b>EUR/KES</b>	120.00	128.35	<b>EUR/USD</b>	1.0220	1.0180
<b>INR/KES</b>		1.5890	<b>AUD/USD</b>	0.6710	0.6965
			<b>USD/INR</b>	78.80	78.95
			<b>Commodities</b>		
			<b>Gold</b>	1735	1715
			<b>Brent Crude</b>	107.37	104.46

## 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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