

# DAILY FOREX NEWSLETTER

Tuesday 5<sup>th</sup> July 2022

## Local Markets:

The Kenya's shilling was stable but remained under pressure as oil importers and the manufacturing sector sought dollars against a trickle of hard currency.

## Top News:

- The Australian dollar ticked higher on Tuesday ahead of an expected half-point increase in the Reserve Bank's policy rate, while the yen slid against the greenback amid a rise in U.S. Treasury yields.
- Brent crude futures extended gains on Tuesday as a strike in Norway is expected to disrupt oil and gas output, fanning tight supply worries.

## International Markets

**USD:** The dollar was up on Tuesday morning in Asia, gaining support from a strong rebound in the U.S. 10-year Treasury yields.

**GBP:** GBP/USD has corrected to near 1.2100 as DXY displayed a volatile show at open. The release of the Fed minutes will be the major event for the greenback bulls. Pound bulls are facing the headwinds of real income shocks and Brexit jitters. The GBP/USD pair has slipped to near the critical support of 1.2100 after facing barricades around 1.2118 in the Asian session. The cable is in a correction mode after failing to sustain above 1.2160 on Monday, however, a resumption in the upside journey cannot be warranted as the market participants are awaiting the release of the Federal Open Market Committee (FOMC) minutes on Wednesday.

**EUR:** EUR/USD is aiming to violate 1.0440 as investors see eurozone PMI stable. The DXY is displaying a subdued performance as the focus has shifted to the Fed minutes. The ECB may announce its first interest rate hike after a span of 11 years. The EUR/USD pair is juggling in a narrow range of 1.0423-1.0438 in the Asian session after rebounding from the critical support of 1.0420. On a broader note, the shared currency bulls have defended the significant support of 1.0380 and have recovered firmly as investors are betting over a rate hike by the European Central Bank (ECB)

**INR:** USD/INR takes the bids to refresh intraday high, snaps two-day downtrend. Progress on US-China trade ties, firmer yields underpin cautious optimism in Asia. Anxiety ahead of the key data/events joins fears of aggressive central banks, recession to weigh on market sentiment. Pullback in oil prices fails to please INR bulls amid fears of economic slowdown. USD/INR rises the most in three days as it renews an intraday high near 79.03 during the initial hour of the Indian trading session on Tuesday. In doing so, the Indian rupee (INR) pair fails to cheer a pullback in the US Dollar Index (DXY) amid cautious optimism in the markets, mainly triggered by China-linked headlines.

## 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> | 142.50 | 152.50  | <b>GBP/USD</b>     | 1.2145 | 1.2135   |
| <b>EUR/KES</b> | 122.50 | 131.30  | <b>EUR/USD</b>     | 1.0483 | 1.0460   |
| <b>INR/KES</b> |        | 1.6185  | <b>AUD/USD</b>     | 0.6895 | 0.6855   |
|                |        |         | <b>USD/INR</b>     | 78.10  | 78.00    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1811   | 1812     |
|                |        |         | <b>Brent Crude</b> | 113.67 | 111.53   |

## T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days  | 8.097%  | 8.013%   |
| 182 Days | 9.196%  | 9.163%   |
| 364 Days | 9.985%  | 9.974%   |
|          |         |          |

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