

DAILY FOREX NEWSLETTER

Wednesday 6th July 2022

Local Markets:

The Kenya's shilling was firm on Tuesday but was threatened by dollar appetite from fuel importers that was not matched by inflows of hard currency.

Kenya's private sector activity contracted in June for the third month in a row, reaching its lowest level since April 2021, due to rising prices and shortages of items used in manufacturing, a survey showed on Tuesday

Top News:

- Asian stocks slipped and the dollar stood by a two-decade high on the euro on Wednesday as investors' fears deepened that the continent is leading the world into recession, while oil and European equity futures attempted to steady after a slide.
- Oil prices rose as much as nearly 3% on Wednesday before paring some gains as investors piled back into the market after a heavy rout in the previous session, with supply concerns returning to the fore even as worries about a global recession linger.

International Markets

USD: The dollar stood tall on Wednesday, holding at a 20-year peak against the euro and multi-month highs against other major peers as higher gas prices and political uncertainty renewed recession fears and sent investors scrambling to the safe-haven currency.

GBP: GBP/USD struggles to gain traction as it consolidates the biggest daily loss in three weeks. UK's three key diplomats resigned after PM Johnson defended former Tory Party whip Chris Pincher. Labor Party's five-point EU plan gains little acceptance over Brexit issue. Recession fears exert downside pressure ahead of FOMC Minutes, US ISM Services PMI. GBP/USD grinds higher as it pares the biggest daily fall in nearly a month around the lowest levels since March 2020. That said, the Cable pair remains sidelined by portraying the gradual rebound to 1.1965, up 0.16% intraday during early Wednesday morning in Europe.

EUR: EUR/USD is juggling in a 1.2055-1.2071 range as investors await Fed minutes and eurozone Retail Sales. The elevation of rates by 75 bps in June by the Fed makes Wednesday's Fed minutes more crucial. An outperformance is expected from the eurozone Retail Sales. The EUR/USD pair is displaying back and forth moves in a narrow range of 1.2055-1.0271 in the Asian session. The asset is witnessing range-bound moves as investors are awaiting the release of the Federal Open Market Committee (FOMC) minutes and the eurozone Retail Sales.

INR: USD/INR consolidates recent rally around all-time high, pressured near intraday low of late. Oil prices slumped as global economic slowdown joins supply woes. Market fears underpin USD's safe-haven demand but anxiety ahead of key data/events trigger corrective pullback. FOMC Minutes, US ISM Services PMI to decorate calendar, risk catalysts are the key. USD/INR takes offers to pare recent gains as global markets consolidate the previous day's risk-off mood ahead of the Federal Open Market Committee (FOMC) Minutes and the US ISM Services PMI for June. That said, downbeat prices of oil also favor the pair's pullback towards 79.10 during Wednesday's mid-Asian session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	125.50			
GBP/KES	140.20	151.50	GBP/USD	1.1965	1.2145
EUR/KES	120.50	130.40	EUR/USD	1.0285	1.0483
INR/KES		1.6185	AUD/USD	0.6840	0.6895
			USD/INR	78.15	78.10
			Commodities		
			Gold	1767	1811
			Brent Crude	104.34	113.67

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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