

DAILY FOREX NEWSLETTER

Friday 12th August 2022

Local Markets:

The Kenyan shilling weakened slightly on Thursday on the back of some appetite from merchandise importers, but the broader outlook was pinned on the outcome of the Aug. 9 election and whether results would be accepted peacefully.

Top News:

- Asian stocks tracked Wall Street losses and the yen fell on Friday as investors remained filled with uncertainty over how aggressively the Federal Reserve would raise interest rates to tackle inflation despite softer numbers earlier this week.
- Oil prices dropped in Asia trade on Friday amid an uncertain demand outlook, though benchmark contracts were headed for weekly gains as recession fears eased.

International Markets

USD: The dollar was slightly lower on Thursday following a 1% loss the previous day when data showed U.S. inflation was not as hot as anticipated in July, prompting traders to dial back future rate hike expectations by the Federal Reserve.

GBP: GBP/USD extends the previous day's losses towards refreshing daily low, mildly offered of late. Hawkish Fed speak contradicts recently softer US inflation data and helps US dollar to lick its wounds after five-day downtrend. Jitters surrounding UK politics, Brexit join BOE's gloomy outlook to keep buyers at bay. The preliminary reading of the UK's Q2 GDP is likely to propel recession woes and weigh on the cable prices. GBP/USD takes offers to refresh intraday low around 1.2180, down for the second consecutive day, as the US dollar pares weekly losses during Friday's Asian session. In addition to the greenback's consolidation of recent downside around the monthly low, the Cable pair trader's cautious mood ahead of the initial estimations of the UK's second quarter (Q2) Gross Domestic Product (GDP) also weigh on the quote.

EUR: EUR/USD is back in the red as the US dollar extends the overnight recovery. US Treasury yields hold near multi-week top amid hawkish Fed commentary. US Preliminary UoM Consumer Sentiment data eyed for fresh Fed rate hike pricing. EUR/USD is trading close to the 1.0300 mark, struggling to find demand amid an extended recovery in the US dollar across the board.

INR: USD/INR grinds higher after rising the most in six weeks the previous day. Hawkish Fed speak, fears surrounding China challenge traders ahead of long weekend in India. Indian CPI is likely to have eased in July but the distance from RBI's target will be the key to watch. USD/INR braces for Indian inflation around 79.65-70 during Friday's Asian session, after rising the most since late June the previous day.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	125.80			
GBP/KES	143.50	153.50	GBP/USD	1.2225	1.2240
EUR/KES	120.10	130.00	EUR/USD	1.0340	1.0295
INR/KES		1.6040	AUD/USD	0.7155	0.7075
			USD/INR	78.65	78.55
			Commodities		
			Gold	1790	1785
			Brent Crude	99.06	97.09

T-Bills Rates:

Duration	Current	Previous
91 Days	8.565%	8.473%
182 Days	9.433%	9.400%
364 Days	9.922%	9.920%

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

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