

# DAILY FOREX NEWSLETTER

Tuesday 23rd August 22

## Local Markets:

The Kenyan shilling was broadly stable against the dollar on Monday, with dollar demand from sectors including energy balanced by inflows from non-governmental organizations and remittances from the diaspora.

## Top News:

- Asian shares were down for a sixth straight session on Tuesday after a renewed spike in European energy prices stoked fears of recession and pushed bond yields higher, while tipping the euro to 20-year lows.
- Oil rose on Tuesday as renewed concerns over tight supply dominated market sentiment after Saudi Arabia warned that the major oil producer could cut output to correct a recent oil price decline.

## International Markets

**USD:** The dollar held firm on Tuesday on safe haven flows, while the euro languished around a two-decade low as investors braced for a hard winter in Europe as it grapples with energy supply and broader economic growth concerns.

**GBP:** GBP/USD portrays short-covering moves after declining to the lowest levels since March 2020. US dollar pares some gains as traders await fresh clues, yields retreat from monthly top. Hopes of UK-EU deal of Northern Ireland Protocol, amid rising cost of living crisis, also underpin corrective pullback. Cable may print kneejerk reaction in case of strong UK PMIs, bears have higher chances of ruling. GBP/USD licks its wounds as it grinds higher around 1.1780, after refreshing the 29-month low the previous day.

**EUR:** A subdued pullback in the EUR/USD pair may turn into a fresh bearish impulsive wave sooner. A downbeat release of Germany's PMI will strengthen the odds of a recession. Germany's Manufacturing PMI is declining consecutively since February this year. The EUR/USD pair is attempting to build a base around 0.9940 after a vertical decline on Monday. The major has auctioned in a narrow range of 0.9933-0.9950 in the Asian session but is likely to deliver a downside break on lower expectations for Germany's PMI data. On Monday, the asset recorded severe losses after losing the magical figure of 1.0000.

**INR:** USD/INR holds lower ground after reversing from monthly high. Hopes that RBI would intervene to defend the INR from refreshing record low favor pair sellers of late. Softer yields, sluggish session add strength to pullback moves. Preliminary US PMIs for August, housing numbers may entertain traders. USD/INR holds onto the previous day's retreat from the monthly peak, despite recent action surrounding 79.85, amid hopes that the Reserve Bank of India (RBI) would defend the Indian rupee (INR) from refreshing all-time low. Also keeping the pair seller's hopeful during early Tuesday in Europe is the sluggish session and a pullback in the US Treasury yields, as well as the US Dollar Index (DXY).

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	118.50	126.10			
<b>GBP/KES</b>	139.00	148.80	<b>GBP/USD</b>	1.1795	1.2060
<b>EUR/KES</b>	117.00	125.60	<b>EUR/USD</b>	0.9995	1.0195
<b>INR/KES</b>		1.6040	<b>AUD/USD</b>	0.6945	0.7045
			<b>USD/INR</b>	78.55	78.25
			<b>Commodities</b>		
			<b>Gold</b>	1736	1778
			<b>Brent Crude</b>	97.14	93.24

## T-Bills Rates:

Duration	Current	Previous
91 Days	8.669%	8.565%
182 Days	9.492%	9.433%
364 Days	9.909%	9.922%

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

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