

DAILY FOREX NEWSLETTER

Monday 1st August 2022

Local Markets:

The Kenya's shilling edged down on Friday due to increased importer dollar demand especially from oil marketing companies.

Top News:

- Asian shares were sluggish on Monday as disappointing Chinese economic data fed doubts Wall Street's rally could be sustained, while the dollar continued its retreat on the yen as speculators were forced out of suddenly unprofitable short positions.
- Oil prices dropped on Monday, as weak manufacturing data from China and Japan for July weighed on the outlook for demand, while investors braced for this week's meeting of officials from OPEC and other top producers on supply adjustments.

International Markets

USD: Most Asian currencies fell on Monday after data showed a slowdown in Chinese factory activity, while the Japanese yen extended its sharp recovery against the dollar.

GBP: GBP/USD is likely to find support around 1.2180 as DXY is expected to drop further. The BOE is expected to increase interest rates by 5 basis points (bps) this week. An underperformance is expected from the US NFP as US techs have halted their recruitment process. The GBP/USD pair has witnessed a minor pullback after hitting a high of 1.2198 in the Asian session. The asset is likely to find a cushion of around 1.2180 as investors are expecting one more rate hike by the Bank of England (BOE) this week.

EUR: EUR/USD has found an immediate hurdle around 1.0250 as DXY displays signs of recovery. The US ISM Manufacturing PMI is expected to remain subdued while New Orders Index may outperform. A downbeat Eurozone Retail Sales may impact the shared currency bulls. The EUR/USD pair has sensed offers while attempting to kiss the immediate hurdle of 1.0250 in the Asian session. The asset has remained sideways in a wide range of 1.0100-1.0260 over the past two weeks and is likely to confuse the market participants further.

INR: USD/INR remains pressured at the lowest levels in three weeks. IMF suggests several Asian Central Banks must raise interest rates rapidly to tame inflation. Softer US dollar, oil prices also favor sellers amid sluggish session. US Core PCE Price Index will be crucial for fresh impulse amid "technical recession" chatters. USD/INR drops to the fresh low in three weeks while taking offers at 79.00. In doing so, the Indian rupee (INR) pair benefits from the US dollar weakness and hawkish comments from the International Monetary Fund (IMF).

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	125.60			
GBP/KES	142.70	153.20	GBP/USD	1.2210	1.2230
EUR/KES	120.00	128.65	EUR/USD	1.0255	1.0245
INR/KES		1.5890	AUD/USD	0.7035	0.7045
			USD/INR	78.55	78.65
			Commodities		
			Gold	1761	1760
			Brent Crude	102.92	106.96

T-Bills Rates:

Duration	Current	Previous
91 Days	8.399%	8.322%
182 Days	9.392%	9.393%
364 Days	9.946%	9.968%

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.