

# DAILY FOREX NEWSLETTER

Tuesday 20th Sep 22

## Local Markets:

The Kenya's shilling weakened on Monday due to increased demand for dollars from across all sectors of the economy and scant inflows.

## Top News:

- Shares in the Asia-Pacific rose Tuesday as Japan's inflation accelerated, and China kept its loan prime rate on hold. Investors are also looking ahead to the Federal Reserve meeting in the U.S.
- Oil prices were little changed on Tuesday, after rising in the previous session, on concerns that interest rate hikes in the United States to tame inflation will curb economic growth and fuel demand in the world's biggest crude consumer.

## International Markets

**USD:** Asian currencies moved little on Tuesday, while the U.S. dollar steadied near 20-year highs as focus turned to an upcoming interest rate hike by the Federal Reserve.

**GBP:** GBP/USD bounces off intraday low amid a sluggish welcome to the British traders after a long weekend. British politics, Brexit headlines join cautious mood ahead of key Central Bank announcements to weigh on sentiment. BOE is likely to announce a 0.50% rate hike, but the Fed's 75 bps move is already priced in and keeps sellers on edge. Risk catalysts, second-tier US data will also direct intraday moves. GBP/USD struggles to defend buyers, despite the latest bounce off intraday low to 1.1420, as British traders return to their table after a long weekend on Tuesday. The Cable pair's latest inaction could also be linked to the market's fears ahead of the key monetary policy announcements from the Federal Open Market Committee (FOMC) and the Bank of England (BOE). Also challenging the quote are the headlines surrounding Brexit and UK politics

**EUR:** EUR/USD retreats from one-week high, snaps four-day uptrend. Sour sentiment, pre-Fed anxiety joins China/Europe chatters to recall bears. Multi-day low US inflation expectations raised short-squeeze fears to underpin corrective bounce. Second-tier US data, speech from ECB President Lagarde eyed for fresh impulse. EUR/USD takes offers to renew intraday low around 1.0020 as risk appetite weakens during full markets on Tuesday. In addition to the return of the Japanese and British traders after a long weekend, fears surrounding China and Europe join a cautious mood ahead of the critical weekly events to weigh on the major currency pair.

**INR:** The Indian rupee firmed 0.1% as the dollar retreated on improving risk sentiment.

## Indicative FX rates as at 8.30am:

| Currency       | Buying | Selling | Currency           | Today  | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| <b>USD/KES</b> | 118.50 | 126.00  |                    |        |          |
| <b>GBP/KES</b> | 135.10 | 144.40  | <b>GBP/USD</b>     | 1.1460 | 1.1410   |
| <b>EUR/KES</b> | 118.05 | 12665   | <b>EUR/USD</b>     | 1.0044 | 1.0020   |
| <b>INR/KES</b> |        | 1.5975  | <b>AUD/USD</b>     | 0.6755 | 0.6745   |
|                |        |         | <b>USD/INR</b>     | 78.61  | 78.61    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1673   | 1668     |
|                |        |         | <b>Brent Crude</b> | 92.10  | 91.90    |

## T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days  | 8.950%  | 8.910%   |
| 182 Days | 9.615%  | 9.599%   |
| 364 Days | 9.913%  | 9.915%   |
|          |         |          |

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