

DAILY FOREX NEWSLETTER

Monday 26th Sep 2022

Local Markets:

The Kenya's shilling was little changed on Friday, but it was expected to resume its weakening trend later in the session as dollar demand across the economy had built.

Top News:

- Shares in the Asia-Pacific fell sharply on Monday as negative sentiment continues to weigh in on market.
- Gold prices dropped over 1.5% to their lowest since April 2020 on Friday, hurt by an unrelenting rally in the U.S. dollar and Treasury yields as the Federal Reserve adopts a more aggressive stance to check surging inflation.
- Oil prices rose modestly in early trade on Monday after sliding to eight-month lows last week weighed down by a surging U.S. dollar and fears sharp interest rate hikes globally would spark a recession and hit fuel demand.

International Markets

USD: The Japanese yen fell on Monday, coming close to 24-year lows seen last week as growing concerns over slowing economic growth and a strong dollar largely offset the government's intervention in currency markets.

GBP: GBP/USD remains mostly inactive after declining to the all-time low. Doubts over UK's fiscal stimulus to generate economic benefits, Russia-Ukraine woes led the bears. Hawkish Fed speak, firmer US data also exerted downside pressure on the cable pair. Buyers could cheer BOE's abrupt rate hike or bond-linked moves, if announced, at the record low. GBP/USD resists extending downside at the record low near 1.0340, inactive around 1.0490 during early Monday morning in Europe. In doing so, the Cable pair sellers remain cautious amid hopes of the Bank of England's (BOE) intervention after the markets punished the British fiscal.

EUR: EUR/USD pares intraday losses after refreshing 20-year low. Six-month-old bearish channel, clear downside breaks of two-month-long support line favor bears. Oversold RSI conditions, descending support line from late July tests sellers. Recovery remains elusive below the parity level; early 2001 levels may offer extra downside filters. EUR/USD dropped to the lowest levels since June 2002 before recently bouncing back to 0.9660 during Monday's Asian session. Even so, the bearish chart formation and sustained trading below the previous key support line from July, now resistance around 0.9830, keeps the pair seller's hopeful.

INR: The Indian rupee fell to record low against the U.S. dollar and was down 0.6% , as worsening risk sentiment and a tumbling pound lifted the dollar index to its highest since 2002.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	118.50	126.00			
GBP/KES	125.00	134.00	GBP/USD	1.0565	1.1265
EUR/KES	114.00	122.00	EUR/USD	0.9665	0.9860
INR/KES		1.5700	AUD/USD	0.6550	0.6655
			USD/INR	80.90	80.05
			Commodities		
			Gold	1635	1667
			Brent Crude	85.64	89.90

T-Bills Rates:

Duration	Current	Previous
91 Days	8.951%	8.950%
182 Days	9.625%	9.615%
364 Days	9.909%	9.913%

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