

# DAILY FOREX NEWSLETTER

Monday 5th September 22

## Local Markets:

The Kenya's shilling weakened on Friday due to increased demand for dollars from the energy and manufacturing sectors against lower inflows from remittances.

## Top News:

- European stock futures slid on Monday while the euro took a fresh spill after Russia shut a major gas pipeline to Europe, leading some governments there to announce emergency measures to ease the pain of soaring energy prices.
- Oil prices jumped more than \$1 a barrel on Monday, extending gains as investors eyed possible moves by OPEC+ producers to tweak production and support prices at a meeting later in the day.

## International Markets

**USD:** Asian currencies tumbled on Monday as the dollar crossed 20-year highs on expectations of more monetary policy tightening, while the euro hit new lows on fears of a worsening energy crisis in Europe.

**GBP:** GBP/USD prints seven-day downtrend as bears attack the year 2020 bottom. Firmer DXY joins fears of worsening energy crisis to exert downside pressure. Liz Truss' plan to overcome cost of living crisis gains more accolades than Rishi Sunak's reasoning. Any recovery on Truss' selection appears tepid amid US holiday, broad risk-off favouring the greenback. GBP/USD slides to the fresh low since March 2020 as the cable traders await the UK PM Leadership results on Monday. That said, the cable trades take offers near 1.1470 heading into the London open.

**EUR:** EUR/USD is oscillating in a narrow range of 0.9906-0.9935 after a gap down open ahead of ECB policy. Gazprom's promise of energy supply is insufficient to offset energy supply cut from Nord Stream 1 pipeline. The DXY has refreshed its two-decade high at 110.09 on upbeat US NFP data. The asset is witnessed a steep fall continuously after the release of the eurozone Harmonized Index of Consumer Prices (HICP). The preferred inflation indicator by the European Central Bank (ECB) landed at 9.1% led by the soaring energy crisis in the eurozone.

**INR:** USD/INR opens at lower against previous session. Euro's decline on Russia gas cut pushes dollar index above 110. Chinese yuan drops to 6.9400 to the dollar. Fall in odds of 75 basis points Fed rate hike in Sep fails to halt dollar's rally. Fed 75 basis rate hike odds down to 56% as U.S. unemployment ticks higher and wages rise less than expected. INR supported on expectations of inclusion of Indian government bonds in global indices.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	118.50	125.90			
<b>GBP/KES</b>	135.40	145.20	<b>GBP/USD</b>	1.1485	1.1580
<b>EUR/KES</b>	117.05	125.00	<b>EUR/USD</b>	0.9920	0.9995
<b>INR/KES</b>		1.6050	<b>AUD/USD</b>	0.6825	0.6810
			<b>USD/INR</b>	78.86	78.87
			<b>Commodities</b>		
			<b>Gold</b>	1712	1698
			<b>Brent Crude</b>	95.08	94.20

## T-Bills Rates:

Duration	Current	Previous
91 Days	8.86%	8.767%
182 Days	9.576%	9.532%
364 Days	9.876%	9.910%

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