

DAILY FOREX NEWSLETTER

Tuesday 10th Jan 2023

The Kenya's shilling weakened to a fresh record low on Monday due to increased demand for dollars from general goods importers and was expected to lose further ground during the week due to pressure from oil retailing companies.

Top News:

- Asian shares fell on Tuesday following hawkish comments from two U.S. Federal Reserve officials overnight with investors turning cautious ahead of key inflation data, while China's reopening after COVID-19 restrictions pushed commodities higher
- Oil prices were little changed on Tuesday, giving up some of the gains from the previous session, as traders awaited clarity on the Federal Reserve's plans for rate hikes to gauge the impact on the economy and fuel demand.

International Markets

USD: A rally in Asian currencies stalled on Tuesday as markets awaited more cues on U.S. monetary policy from an address by Federal Reserve Chair Jerome Powell later in the day, while caution over a Chinese reopening grew amid rising COVID-19 cases in the country.

GBP: GBP/USD is facing stubborn barricades around 1.2200 as anxiety soars ahead of Fed Powell's speech. The US Dollar Index (DXY) is aiming to extend its recovery to near the round-level resistance of 103.00. A bull cross, represented by the 20-and 50-period EMAs at 1.2040, adds to the upside filters. The GBP/USD pair is continuously facing heat in attempts of breaking above the immediate resistance of 1.2200 in the Asian session. The market mood has turned sour as risk-sensitive assets like S&P500 futures have extended their losses in Tokyo. Also, the 10-year US Treasury yields have escalated to near 3.54%.

EUR: EUR/USD seesaws around seven-month high, steadies off late. Cautious mood ahead of this week's key catalysts probe EUR/USD traders. Upbeat EU data jostle with hawkish Feds peak to confuse pair traders. Speeches from Fed Chair Powell, ECB's Schnabel and US inflation will be crucial for fresh impulse. EUR/USD dribbles between 1.0720 and 1.0745 so far during early Tuesday as traders await more clues to extend the latest north-run. In doing so, the major currency pair seesaws around the highest levels since June 2022 as bulls run out of steam as the US Dollar rebounds on doubts over the previous risk-on mood, as well as due to a rebound in the US Treasury yields.

INR: USD/INR seesaws near one-month low, bears take a breather after four-day downtrend. Market sentiment dwindles on mixed updates from China, hawkish Fed talks. Easy prices of oil, technical breakdown keeps Indian Rupee buyer's hopeful. Fed Chair Powell's speech, US inflation data will be crucial for clear directions. USD/INR stays defensive around 82.15-20 as it probes bears for the first time in five days during early Tuesday. In doing so, the Indian Rupee (INR) pair takes clues from the US Dollar's rebound amid the mixed sentiment and anxiety ahead of the key catalysts. However, softer prices of oil and a downside break of 82.40 keeps the pair seller's hopeful.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	121.40	128.00			
GBP/KES	147.00	156.00	GBP/USD	1.2195	1.2185
EUR/KES	129.00	137.85	EUR/USD	1.0785	1.0720
INR/KES		1.5765	AUD/USD	0.6955	0.6765
			USD/INR	81.21	81.40
			Commodities		
			Gold	1872	1876
			Brent Crude	79.16	79.44

T-Bills Rates:

Duration	Current	Previous
91 Days	9.392%	9.369%
182 Days	9.847%	9.834%
364 Days	10.369%	10.308%

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