

DAILY FOREX NEWSLETTER

Tuesday 17th Jan 2023

The Kenyan shilling was stable on Monday but was biased to weakening as appetite for dollars picks up from oil and other merchandise importers.

Top News:

- Many Asia shares slipped on Tuesday after Beijing released weak fourth-quarter economic data, although investors' expectations for a strong China rebound remained high even as the global economy edges closer to recession.
- Oil prices fell in early trade on Tuesday as recession fears dominated headlines out of the World Economic Forum's meeting in Davos, draining optimism that stoked the market last week on prospects of a fuel demand recovery in top oil importer China.

International Markets

USD: Most Asian currencies fell on Tuesday amid renewed fears of a global recession this year, with the yuan among the worst performers as data showed Chinese economic growth was pummeled by COVID lockdowns in 2022.

GBP: GBP/USD picks up bids to reverse the week-start pullback from monthly high. Broad US Dollar retreat underpins Cable pair's recovery ahead of the key jobs report. Chatters of Brexit-led labor shortage, workers' strikes in the UK and hardships for UK PM Sunak probe GBP/USD bulls. BoE's Bailey spread dovish remarks ahead of this week's key data. GBP/USD stays defensive around 1.2210, despite the downbeat week-start, as Cable traders await the key UK jobs report, up for publishing on early Tuesday. It's worth noting that the multiple negatives surrounding the UK's employment updates join the British political pessimism to probe the pair buyers even as the US Dollar Index weakness underpins the recovery moves.

EUR: EUR/USD is in a rangebound territory as solid yields are weighing on risk-perceived currencies. The release of the US PPI will provide more cues about inflation projections. According to Bloomberg's poll, the ECB is expected to find an interest rate peak at 3.25%. The EUR/USD pair has continued to trade rangebound near 1.0830 in the Asian session. The major currency pair is displaying a lacklustre performance amid ambiguity in the risk profile as the United States markets will open on Tuesday after a stretched weekend. A volatility contraction in the asset is likely to get exploded ahead.

INR: USD/INR picks up bids to portray three-day winning streak, extends bounce off monthly low. China's upbeat data-dump fails to trigger risk-on mood as full markets return. US Dollar Index traces yields to pare recent losses around multi-month low. Risk catalysts are the key ahead of US Retail Sales for December. USD/INR remains on the front foot for the third consecutive day as the pair buyers' approach 82.00, up 0.20% around 81.80 by the press time, during the initial trading hours of the Indian market opening on Tuesday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	125.50	130.80			
GBP/KES	150.80	159.80	GBP/USD	1.2240	1.2295
EUR/KES	134.10	141.90	EUR/USD	1.0865	1.0895
INR/KES		1.6080	AUD/USD	0.6995	0.6740
			USD/INR	81.12	81.02
			Commodities		
			Gold	1912	1920
			Brent Crude	84.67	84.66

T-Bills Rates:

Duration	Current	Previous
91 Days	9.425%	9.392%
182 Days	9.859%	9.847%
364 Days	10.432%	10.369%

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