

DAILY FOREX NEWSLETTER

Friday 20th Jan 2023

The Kenyan shilling weakened on Thursday to a new record low, undermined by dollar demand from the energy sector and low foreign-currency inflows.

Kenya plans to link its tax collection system to mobile financial platforms to weed out tax evaders and boost revenue by billions of shillings, part of a raft of measures to repair its coffers, the finance ministry said in a draft budget statement.

Top News:

- Most Asian equity markets edged higher on Friday, while the U.S. dollar hung near its weakest level since May, with investors fretting about the risks of a global recession as the Federal Reserve presses on with interest rate increases.
- Oil prices were set to post a second straight week of gains on Friday, spurred largely by brightening economic prospects for China which should boost its fuel demand.

International Markets

USD: The dollar slid on Thursday in choppy trading, as a slew of data continued to show that the U.S. economy was slowing down in the wake of multiple hefty interest rate hikes from the Federal Reserve, with the market anticipating a pause in tightening this year.

GBP: The Cable is displaying a balanced auction ahead of the UK Retail Sales data. Pound Sterling has resumed its upside journey after testing the breakout zone of the Rising Channel pattern. A 60.00-80.00 range oscillation by the RSI (14) indicates that the upside momentum is active. The GBP/USD pair is displaying back-and-forth moves below the round-level resistance of 1.2400 in the Asian session. The Cable has turned sideways as investors are awaiting the release of the United Kingdom Retail Sales data for fresh impetus. An improvement is expected from the economic data that their former figures and the reason behind improvement could be rising wages due to the tight labour market.

EUR: EUR/USD grinds higher around intraday top as it braces for the second consecutive weekly gain. Although Fed officials also sync the tune with ECB hawks, hopes of shorter recession in Europe favor bulls. Downbeat US data renew economic fears surrounding the world's largest economy and probe DXY bulls. ECB President Lagarde's speech, Fed talks before the pre-FOMC blackout will be crucial for clear directions. EUR/USD bulls do keep the reins around 1.0840 as they aim for the second weekly gain in a row during early Friday.

INR: USD/INR probes three-day downtrend but bears approach seven-week-old key support line. Hopes of more foreign fund inflow due to moves of Indian private players underpin INR strength. Mixed US data weigh US Dollar even as Fed policymakers stay hawkish heading into pre-FOMC blackout. Firmer Oil price, RBI's defensive move could challenge the USD/INR bears. USD/INR holds lower ground at the weekly low as bears keep control during early Friday in India, despite recent bounce off the intraday low to 81.25. In doing so, the Indian Rupee cheers broad US Dollar weakness, as well as hopes of INR demand, amid a sluggish session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	125.50	130.90			
GBP/KES	153.20	162.25	GBP/USD	1.2395	1.2370
EUR/KES	134.20	142.50	EUR/USD	1.0861	1.0845
INR/KES		1.6230	AUD/USD	0.6965	0.6945
			USD/INR	81.01	81.06
			Commodities		
			Gold	1924	1909
			Brent Crude	86.30	83.94

T-Bills Rates:

Duration	Current	Previous
91 Days	9.474%	9.425%
182 Days	9.891%	9.859%
364 Days	10.47%	10.432%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/, D/L 020-2223409/2213470 or general nos. 2228461/2