

DAILY FOREX NEWSLETTER

Tuesday 3rd Jan 2023

The Kenya's shilling weakened to a new all-time low on Friday due to demand for dollars from oil retailing companies and other importers in the energy sector. Kenya's inflation dipped to 9.1% year-on-year in December, down from 9.5% a month earlier, the statistics office said on Friday, easing for the second month in a row on lower food and fuel prices.

Kenya's economic growth slowed to 4.7% year-on-year in the third quarter of 2022, down from 9.3% in the same period a year earlier, the statistics office said on Friday.

Top News:

- Wall Street equity indexes finished lower on Friday on 2022's last trading day, while Treasury yields rose along with oil futures as investors braced for the new year with worries about a potential recession and the U.S. Federal Reserve rate hiking path.
- Oil prices swung wildly in 2022, climbing on tight supplies amid the war in Ukraine, then sliding on weaker demand from top importer China and worries of an economic contraction, but closed the year on Friday with a second straight annual gain.

International Markets

USD: Most Asian currencies rose on Tuesday, extending gains as markets bet on slower interest rate hikes and a weaker dollar this year, with the Japanese yen surging to a six-month high on expectations of tighter monetary policy.

GBP: GBP/USD is oscillating in a 1.2000-1.2126 range for the past 10 trading sessions. The 200-EMA around 1.2027 is acting as a major cushion for the Cable. A 40.00-60.00 range oscillation by the RSI (14) indicates an absence of a potential trigger. The GBP/USD pair has delivered an upside break of the consolidation formed in a narrow range of 1.2040-1.2046 in the Asian session. The Cable asset has climbed above 1.2060 but is still likely to remain inside the woods as the market mood is still quiet.

EUR: EUR/USD has picked bids after dropping to near 1.0680 as the USD Index has lost strength. The major currency pair might continue its sideways performance ahead of German Inflation. A recovery in S&P500 futures portrays value-buying availability at lower levels. The EUR/USD pair has sensed buying interest after dropping to near 1.0650 in the Asian session. The major currency pair has recovered as the rebound move in the US Dollar Index (DXY) has faded. Broadly, the major is displaying a sideways auction profile as investors are awaiting the release of the Eurozone Harmonized Index of Consumer Prices (HICP) data for fresh impetus.

INR: The Indian rupee weakened 0.02% versus the U.S. currency, tracking a muted dollar as markets awaited a host of data from the world's top economy this week.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 121.40 | 128.00 | | | |
| GBP/KES | 145.80 | 154.80 | GBP/USD | 1.2105 | 1.2090 |
| EUR/KES | 128.80 | 136.80 | EUR/USD | 1.0695 | 1.0695 |
| INR/KES | | 1.5785 | AUD/USD | 0.6855 | 0.6798 |
| | | | USD/INR | 81.77 | 81.77 |
| | | | Commodities | | |
| | | | Gold | 1840 | 1818 |
| | | | Brent Crude | 85.53 | 83.73 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 9.369% | 9.37% |
| 182 Days | 9.834% | 9.825% |
| 364 Days | 10.308% | 10.31% |
| | | |

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