

DAILY FOREX NEWSLETTER

Wednesday 1st Feb 2023

The Kenya's shilling slipped to a new low on Tuesday, as persistent dollar demand from oil importers continued to weigh.

Kenya's inflation KECPI=ECL slowed to 9.0% year-on-year in January from 9.1% a month earlier, the statistics office said on Tuesday.

Top News:

- Asia's stock markets steadied on Wednesday, with signs of a slowdown in U.S. wages bolstering hopes that the Federal Reserve could hint at an end to interest rate hikes at its meeting later in the day.
- Oil prices rose on Wednesday as signs of slowing inflation in the United States eased fears that the world's largest oil user may face a recession because of further interest rate hikes and a weaker dollar supported some buying interest.

International Markets

USD: Most Asian currencies moved little on Wednesday in anticipation of a Federal Reserve meeting, while the dollar crept higher as markets positioned for an interest rate hike and a potentially hawkish message from the Central Bank

GBP: GBP/USD has built an intermediate cushion around 1.2300 as USD Index faces selling pressure. Goldman Sachs sees two additional 25 bps rate hikes by the Fed after a 25 bp rate hike announcement on Wednesday. The BoE might continue with bigger interest rate hikes to tame soaring inflation. The GBP/USD pair has gauged an intermediate cushion after dropping to near the crucial support around 1.2300 in the Asian session. The Cable has gained traction as the US Dollar Index (DXY) has retreated after a pullback move to near 101.80. It would be early to consider the halt in the Pound Sterling downside as a bullish reversal as the FX domain is likely to remain volatile ahead of the interest rate decision by the Federal Reserve (Fed)

EUR: EUR/USD fades bounce off 21-day EMA inside rising wedge bearish chart pattern. RSI's retreat from overbought territory, bearish MACD signals also favor downside bias. 200-day EMA acts as additional key support while buyers need validation from 1.0965 for a free move. Dovish bias on Fed signals room for extreme reaction to surprise outcome. EUR/USD buyers seem running out of steam as the quote seesaws near 1.0860-70 heading into Wednesday's European session.

INR: The Indian rupee was trading marginally higher against the dollar on Wednesday ahead of the Union budget and the U.S. Federal Reserve policy decision.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	125.50	131.60			
GBP/KES	153.30	162.20	GBP/USD	1.2360	1.2385
EUR/KES	135.30	142.80	EUR/USD	1.0920	1.0880
INR/KES		1.6230	AUD/USD	0.7097	0.7077
			USD/INR	81.27	81.28
			Commodities		
			Gold	1926	1919
			Brent Crude	85.67	86.78

T-Bills Rates:

Duration	Current	Previous
91 Days	9.538%	9.474%
182 Days	9.954%	9.891%
364 Days	10.504%	10.47%

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