

DAILY FOREX NEWSLETTER

Thursday 2nd Feb 2023

The Kenya's shilling was slightly weaker on Wednesday, undermined by dollar demand from importers that traders expected to continue in the near term.

Top News:

- Asian stocks jumped on Thursday while the dollar eased after Federal Reserve Chair Jerome Powell said a "disinflationary" process was underway, boosting risk appetite and hope that the U.S. central bank will soon end its monetary tightening streak.
- Oil prices rebounded on Thursday after tumbling in the previous session as a weaker dollar brought back some appetite for risk assets and the OPEC+ decision to roll over an output cut helped ease oversupply concerns.

International Markets

USD: Most Asian currencies rose sharply on Thursday, while the dollar sank to a nine-month low even after the Federal Reserve hiked interest rates, with markets betting that a U.S. economic slowdown will force the bank into reversing its hawkish stance this year.

GBP: GBP/USD retreats from intraday high, consolidates the biggest daily gain in a week. Federal Reserve matched market consensus of 0.25% rate hike but mentioning of easy inflation, rate cuts drowned US Dollar. UK's "Walkout Wednesday" appears just the start as unions eye more such shows, British Manufacturing PMI marked sixth consecutive contraction. BoE is up for 50 bps rate hike; attention should be given to statement suggesting future pace of rate lifts. GBP/USD bulls take a breather around 1.2380, retreating from a three-day high, as the Cable pair buyers consolidate the biggest daily gains in a week ahead of the all-important Bank of England (BoE) monetary policy meeting.

EUR: EUR/USD clings to mild gains around 10-month high amid sluggish markets. Fed's dovish hike pleased US Dollar bears as slowing inflation, rate cuts were uttered. ECB needs to push back slower rate hike concerns to justify 50 bps rate hike, Softer EU inflation, German data raise difficulty for ECB's Lagarde to defend Euro bulls. EUR/USD seesaws around the highest levels since April 2022, mildly bid near 1.1020 during a three-day uptrend, as pair traders wait for fresh clues ahead of the all-important European Central Bank (ECB) monetary policy meeting. In doing so, the major currency pair defends Federal Reserve (Fed) induced gains as market sentiment remains cautiously optimistic.

INR: The Indian rupee strengthened 0.11% versus the U.S. dollar, as risk assets were buoyed after the U.S. Federal Reserve meeting but gains in the local currency were capped as equities remained jittery.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	125.50	131.60			
GBP/KES	154.30	163.20	GBP/USD	1.2450	1.2360
EUR/KES	137.25	145.20	EUR/USD	1.1055	1.0920
INR/KES		1.6230	AUD/USD	0.7187	0.7097
			USD/INR	81.21	81.27
			Commodities		
			Gold	1952	1926
			Brent Crude	83.55	85.67

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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