

DAILY FOREX NEWSLETTER

Thursday 18th May 2023

The Kenya's shilling was stable on Wednesday, although it was expected to weaken during the session due to a rise in demand for dollars from general goods importers such as flour milling companies.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	135.70	139.20			
GBP/KES	169.30	173.85	GBP/USD	1.2505	1.2515
EUR/KES	147.00	151.25	EUR/USD	1.0885	1.0895
INR/KES		1.6975	AUD/USD	0.6686	0.6787
			USD/INR	81.97	81.87
			Commodities		
			Gold	1978	1989
			Brent Crude	76.75	74.88

T-Bills Rates:

Duration	Current	Previous
91 Days	10.410%	10.318%
182 Days	10.853%	10.678%
364 Days	11.270%	11.170%

International Markets

- Asia-Pacific markets rose on hopes of U.S President Joe Biden and congressional leaders inching closer to a deal to raise the U.S. debt ceiling and avoid a default.
- Oil prices fell in early Asian trade on Thursday as traders warily watched for signs of progress on talks to raise the U.S. debt ceiling, after surging nearly 3% in the previous session on optimism over U.S. fuel demand.

USD: The U.S. dollar held near a seven-week peak on Thursday, after President Joe Biden and top U.S. congressional Republican Kevin McCarthy worked towards avoiding a damaging debt default, while the Aussie dollar slipped after disappointing jobs data.

GBP: GBP/USD is showing a lacklustre performance below 1.2500 amid the absence of a critical trigger. Market sentiment is positive as fears of catastrophic US default have trimmed sharply. UK Hunt's promise of bringing down higher taxes to reduce pressure of higher inflation households could induce retail demand. The GBP/USD pair is displaying a back-and-forth action below the psychological resistance of 1.2500 in the Tokyo session. The Cable is failing to deliver decisive action amid the absence of critical triggers.

EUR: EUR/USD fades bounce off six-week low as US Dollar grinds higher at nearly two-month top. Softer EU inflation, downbeat tone of ECB's de Cos weigh on Euro price. Optimism surrounding US debt limit extension, recent increase in Fed bets supporting June rate hike favour US Dollar. Risk catalysts, ECB President Lagarde's speech will be the key to watch for clear directions. EUR/USD fades late Wednesday's rebound from the lowest levels in six weeks.

INR: The Indian rupee INR=IN weakened 0.02% to the dollar, pressured by higher U.S. yields. The benchmark 10-year bond IN072633G=CC was quoted at 101.98 rupees, with the yield up 1 bps at 6.9738% as traders lightened their positions ahead of the debt auction on Friday

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