

DAILY FOREX NEWSLETTER

Friday 26th May 2023

The Kenya's shilling weakened on Thursday to a fresh low as month-end demand for dollars weighed on the local currency, which has been under sustained pressure from oil importers and the manufacturing sector.

International Markets

- Stocks were subdued on Friday, apart from standout gains in Japan, as an artificial intelligence rally took a breather and as time ticked out on high stakes talks to avoid a U.S. debt default.
- Oil prices softened in early trade on Friday, weighed on by conflicting messages from Russia and Saudi Arabia ahead of the next OPEC+ policy meeting and a stronger dollar.

USD: The dollar strengthened for a fourth straight session on Thursday against a basket of major peers to touch a two-month high, as U.S. data pointed to a resilient economy even after an aggressive rate hike cycle by the Federal Reserve.

GBP: GBP/USD has rebounded firmly from 1.2320 amid hopes of a pause in the policy-tightening spell by the Fed. The deviation in proposed budget spending by the White House to Republican leaders has narrowed to \$70 billion from original proposal of \$1 trillion. A rebound in retail demand could fuel inflationary pressures and create more troubles for the BoE. The GBP/USD pair has shown a recovery move after building a base around 1.2320 in the Tokyo session.

EUR: EUR/USD has jumped to near 1.0740 as the USD Index has extended correction. Tight credit conditions by US regional banks are effectively weighing on US inflationary pressures. The ECB is anticipated ECB to raise interest rates further despite the German recession. The EUR/USD pair has climbed above the critical resistance of 1.0740 in the early European session after a firmer recovery from near the round-level support of 1.0700.

INR: The Indian rupee was marginally higher on Friday, helped by the Chinese yuan-lead recovery in Asia FX and the dollar index's pullback.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	136.30	139.85			
GBP/KES	168.20	172.80	GBP/USD	1.2382	1.2384
EUR/KES	146.30	150.30	EUR/USD	1.0781	1.0749
INR/KES		1.7020	AUD/USD	0.6541	0.6548
			USD/INR	82.24	82.24
			Commodities		
			Gold	1950	1957
			Brent Crude	76.11	78.35

T-Bills Rates:

Duration	Current	Previous
91 Days	10.832%	10.518%
182 Days	11.113%	10.978%
364 Days	11.457%	11.390%

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