

# DAILY FOREX NEWSLETTER

Wednesday 31st May 2023

The Kenya's shilling was little changed on Tuesday but was forecast to ease during the session due to pent-up dollar demand from fuel retailing companies.

The World Bank said on Tuesday it approved a \$1 billion loan to Kenya to support its budget as East Africa's economic powerhouse confronts high debts and a weakening currency.

## International Markets

- Asia's stock markets slid toward a second month of losses in a row on Wednesday, and even the glittering Nikkei paused, as weak Chinese factory activity fed growing doubts about the post-pandemic recovery in the world's second biggest economy.
- Oil prices extended losses early on Wednesday as worries of slowing demand from top oil importer China after the release of weaker-than-expected economic data outweighed some positive progress on the U.S. debt ceiling bill.

**USD:** The dollar slipped Tuesday but could hitch a ride higher in the near term as investor focus is likely to shift from the debt ceiling to the jobs report later this week that could cement the prospect of a further Federal Reserve hike next month.

**GBP:** GBP/USD holds lower ground as it prints the first daily loss in four. Downbeat UK Business Confidence, sticky inflation, and BoE's ineffectiveness favor Cable buyers. US debt ceiling deal, hawkish Fed bets also propel Pound Sterling price. voting on measures to avoid US default, US employment clues and Fed Beige Book eyed. GBP/USD clings to mild losses as it extends the early Asian session pullback from a one-week high while snapping a three-day uptrend near 1.2390 heading into Wednesday's London open.

**EUR:** EUR/USD has shown a sheer downside below 1.0700 as US Dollar bulls got strength amid hawkish Fed bets. Soaring expectations for one more interest rate hike by the Fed might rerate the USD Index ahead. The ECB is expected to remain hawkish in June as inflation is extremely diverged from the desired target of 2%. The EUR/USD pair has delivered a vertical fall and has slipped below the round-level support of 1.0700 in the Asian session.

**INR:** USD/INR clings to mild gains during three-day winning streak. aversion in Asia, overall cautious mood ahead of key data/events underpins US Dollar rebound. Softer India growth may allow RBI to defend status quo. US policymakers flag troubles for measures to avoid default in passing the Congress. USD/INR remains on the front foot for the third consecutive day even as it clings to mild gains around 82.70 amid early Wednesday in Europe.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	136.50	140.10			
<b>GBP/KES</b>	169.20	173.90	<b>GBP/USD</b>	1.2435	1.2383
<b>EUR/KES</b>	146.10	150.10	<b>EUR/USD</b>	1.0734	1.0745
<b>INR/KES</b>		1.7030	<b>AUD/USD</b>	0.6528	0.6548
			<b>USD/INR</b>	82.25	82.14
			<b>Commodities</b>		
			<b>Gold</b>	1962	1936
			<b>Brent Crude</b>	73.26	76.55

## 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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