

DAILY FOREX NEWSLETTER

May 4th May 2023

The Kenyan shilling was weaker on Wednesday as dollar demand from the manufacturing sector outstripped foreign-currency inflows from remittances.

Kenya's economy grew 4.8% in 2022, down from 7.6% a year earlier, as a severe drought hurt agricultural output, the statistics office said on Wednesday.

International Markets

- Global stock markets sagged while the Japanese yen rose on Thursday in reaction to the Fed's policy statement and signs of stress at another U.S. regional bank, spurring investors to price in a pivot rather than just a pause in rate rises.
- Oil prices recovered slightly on Thursday but were unable to claw back the more than 9% decline in the previous three days as demand concerns in major consumers overrode signals that the U.S. may pause its interest rates increases.

USD: The dollar fell on Wednesday after the Federal Reserve raised interest rates by a quarter of a percentage point and signaled it may pause further increases.

GBP: GBP/USD struggles after refreshing 11-month high, eases of late. Overbought RSI, easing bullish bias of MACD tease intraday sellers. Cable pair buyers need validation from three-week-old ascending resistance line. GBP/USD bulls take a breather around 1.2580, after rising to the highest levels since June 2021 early Thursday. That said, the Cable pair initially cheered the US Federal Reserve's (Fed) dovish hike before retreating from an upward-sloping resistance line from April 14.

EUR: EUR/USD grinds higher during three-day winning streak, prods key resistance. Fed matches market forecasts with 0.25% rate hike but opens door for policy pivot and weigh on US Dollar. Fears surrounding US banks, debt ceiling expiration also exert downside pressure on greenback despite upbeat US data .ECB is expected to lift benchmark rates by 25 bps, but rate guidance will be the key for Euro bulls to watch. EUR/USD seesaws around intraday high as bulls take a breather after a three-day uptrend near 1.1090 heading into the key European trading session on Thursday.

INR: USD/INR bears prod three-week-old ascending support line, drops for the second consecutive day. Indian Rupee buyers keep the reins amid talks of RBI's US Dollar buying, Fed's dovish rate hike. Market sentiment remains sluggish as banking crisis debt ceiling expiry woes escalate. Second-tier data eyed ahead of Friday's US NFP.USD/INR remains on the back foot for the second consecutive day, mildly offered near 81.70 heading into Thursday's European session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	134.60	137.35			
GBP/KES	168.40	173.15	GBP/USD	1.2645	1.2530
EUR/KES	148.20	152.50	EUR/USD	1.1125	1.1042
INR/KES		1.6845	AUD/USD	0.6755	0.6725
			USD/INR	81.45	81.55
			Commodities		
			Gold	2044	2015
			Brent Crude	72.91	75.34

T-Bills Rates:

Duration	Current	Previous
91 Days	10.275%	10.159%
182 Days	10.511%	10.477%
364 Days	11.124%	11.059%

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