

# DAILY FOREX NEWSLETTER

Tuesday 25th July 2023

The Kenya's shilling was steady on Monday, and it was expected to weaken due to increased demand for dollars from general goods importers accompanied by low inflows.

## Indicative FX rates as at 8.30am:

| Currency       | Buying | Selling | Currency           | Today  | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| <b>USD/KES</b> | 141.00 | 144.50  |                    |        |          |
| <b>GBP/KES</b> | 181.00 | 186.70  | <b>GBP/USD</b>     | 1.2867 | 1.2910   |
| <b>EUR/KES</b> | 156.20 | 160.20  | <b>EUR/USD</b>     | 1.1100 | 1.1144   |
| <b>INR/KES</b> |        | 1.7700  | <b>AUD/USD</b>     | 0.6792 | 0.6752   |
|                |        |         | <b>USD/INR</b>     | 81.45  | 81.50    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1960   | 1961     |
|                |        |         | <b>Brent Crude</b> | 83.01  | 80.92    |

## T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days  | 12.233% | 12.109%  |
| 182 Days | 12.322% | 12.271%  |
| 364 Days | 12.708% | 12.452%  |

## International Markets

- Oil prices edged higher on Tuesday, extending gains from the previous session, as signs of tighter supplies and pledges by Chinese authorities to shore up the world's second-biggest economy lifted sentiment.
- Hong Kong stocks saw a strong rebound and the Hang Seng index climbed 3% on Tuesday after China's Politburo pledged to "adjust and optimize policies in a timely manner" for its ailing property sector.

**USD:** Most Asian currencies firmed on Tuesday, aided by a mix of dollar weakness and promises of more Chinese stimulus aided sentiment, with focus now turning to an upcoming Federal Reserve meeting.

**GBP:** GBP/USD struggles to gain and remains on the defensive around the 1.2840 mark on Tuesday. S&P Global Composite PMI showed that US business activity slowed to a five-month low in July. The preliminary UK PMI data revealed that economic activity in July was weaker than expected. Market participants will keep an eye on the Federal Open Market Committee (FOMC) meeting. The GBP/USD pair remains under pressure and struggles to gain during the Asian session on Tuesday.

**EUR:** EUR/USD attracts some buying during the Asian session on Tuesday, albeit lacks follow-through. A modest USD pullback lends support, though traders seem reluctant ahead of the Fed and the ECB. The mixed technical setup also warrants some caution before placing aggressive directional bets. The EUR/USD pair edges higher during the Asian session on Tuesday and for now, seems to have snapped a five-day losing streak, stalling its corrective slide from the highest level since February 2022 touched earlier this week.

**INR:** USD/INR takes offers to refresh multi-day low, prints three-day losing streak. China stimulus, PBoC moves join receding fears of restrictive monetary policies to underpin risk-on mood. US Dollar braces for Fed amid pullback in yields but US PMIs were comparatively firmer and hence prod greenback sellers. Mid-tier US data, risk catalysts eyed for clear directions. USD/INR stands on slippery grounds as it drops for the third consecutive day to test the lowest levels in nearly three months amid early Tuesday.

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