

DAILY FOREX NEWSLETTER

Monday 31st July 2023

The Kenyan shilling was stable on Friday, but it was expected to soon lose more ground on increased demand for dollars especially from fuel-retailing companies.

International Markets

- Oil prices hovered near three-month highs on Monday, set to post their biggest monthly gains in over a year on expectations that Saudi Arabia would extend voluntary output cuts into September and tighten global supply.
- Asia-Pacific markets mostly rose on Monday as China's factory activity for July remained in contraction territory for the fourth straight month.

USD: The yen had its most volatile trading session in months on Friday after the Bank of Japan tweaked its yield curve control policy, leaving investors wondering if an eventual shift in its massive stimulus program is approaching.

GBP: GBP/USD remains sidelined after bouncing off two-month-old rising support line. Bearish MACD signals, steady RSI joins repeated failures to break 10-DMA to tease Pound Sterling sellers. Rising support line from early March acts as the final defence of Cable buyers. Recovery needs validation from 1.3000 and hawkish BoE move to convince buyers. GBP/USD aptly portrays the market's indecision amid the early hours of the key week comprising the Bank of England (BoE) Monetary Policy Meeting and the US Nonfarm Payrolls (NFP), making rounds to 1.2850 by the press time. In doing so, the Cable pair also justifies the mixed technical signals amid cautious optimism.

EUR: EUR/USD loses traction in the busy economic calendar week. The pair holds below the 50- and 100-hour EMAs; the RSI stands in bearish territory. The immediate resistance is seen at 1.1045; initial support is located near the 1.1000 zone. The EUR/USD pair loses momentum and remains on the defensive above the 1.1000 area during the early Asian trading hours on Monday.

INR: USD/INR extends Friday's pullback from two-week high, pressured near intraday low of late. An aggregate 32% rise in net profit of 456 Indian companies underpins optimism about Rupee. US Dollar's positioning for NFP, month-end consolidation and mixed sentiment in Asia allow sellers to remain hopeful. US ISM PMI, risk catalyst can entertain traders ahead of monthly employment data for July. USD/INR stays on the back foot around 82.20 as it prods short-term key support confluence amid early Monday in Asia

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 141.00 | 144.60 | | | |
| GBP/KES | 181.30 | 186.10 | GBP/USD | 1.2892 | 1.2845 |
| EUR/KES | 155.40 | 159.50 | EUR/USD | 1.1052 | 1.1045 |
| INR/KES | | 1.7710 | AUD/USD | 0.6699 | 0.6720 |
| | | | USD/INR | 81.78 | 81.75 |
| | | | Commodities | | |
| | | | Gold | 1953 | 1952 |
| | | | Brent Crude | 84.53 | 83.86 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 12.352% | 12.233% |
| 182 Days | 12.392% | 12.322% |
| 364 Days | 12.728% | 12.708% |

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