



DOMESTIC NEWS

Kenya shilling inched lower on Monday as residual dollar demand from fuel importers and the manufacturing sector outweighed limited inflows. Commercial banks quoted the shilling at 122.50/70 to the dollar compared to Fridays close of 122.45/65.

In other news locally foreign investor trading activity at the Nairobi Securities Exchange (NSE) fell by half last week as concerns over the effect of tighter Covid-19 restrictions in China hit global markets and pushed capital into safe havens. The investors accounted for 28.9 per cent of the NSE's weekly traded turnover of Sh1.28 billion, down from 58.9 per cent of the previous week's turnover of Sh1.44 billion. Last week, the protests across China over the country's strict zero-Covid policies rattled global markets as concerns grew over the effect of possible unrest on the world's second-largest economy and the leading manufacturing hub. Such jitters filter through to smaller markets such as Kenya's in the form of capital flight to the larger economies like the US, which are seen as safe havens for investors. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	118.70	130.20	118.70	129.20
GBP/KES	145.60	158.60	144.80	159.50
EUR/KES	123.81	137.71	124.11	140.61
AED/KES	29.41	42.41	31.41	35.41

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	7.00%	1.25%
1 Month	7.00%	2.00%
3 Months	7.50%	2.50%
6 Months	8.00%	3.25%
1 year	8.50%	4.00%

(Source: Reuters)



INTERNATIONAL NEWS

The dollar gained against the yen, the euro and the pound on Monday after data showed that U.S. services industry activity unexpectedly picked up in November, prompting speculation the Federal Reserve may lift interest rates more than recently projected.

The Institute for Supply Management (ISM) said its non-manufacturing PMI increased to 56.5 last month from 54.4 in October, indicating that the services sector, which accounts for more than two-thirds of U.S. economic activity, remained resilient in the face of rising interest rates. Economists polled by Reuters had forecast the non-manufacturing PMI slipping to 53.1. The dollar index, which tracks the greenback against six peers, fell 1.4% last week, and 5% in November, its worst month since 2010.

Against the Yen, the dollar climbed 1.68% to 136.615 yen, bouncing from Friday's three-and-a-half month low of 133.62, while sterling, which had risen to a more than five-month high of \$1.2345 in Asian trade Monday, was down 0.94% at \$1.2178 at 2:15 p.m. EST (1915 GMT). The euro on the other hand slid 0.42% to \$1.0494, having earlier climbed to \$1.0585, its highest level since June 28.

In the commodities markets, Oil prices rose on Tuesday as sharp losses in the prior session invited some bargain buying and as markets bet on a recovery in Chinese demand, although concerns over rising U.S. interest rates kept investors on edge. Brent oil futures rose 0.3% to \$83.28 a barrel, while West Texas Intermediate crude futures rose 0.8% to \$77.58 a barrel by 20:51 ET (01:51 GMT). Both contracts slumped between 3% and 5% on Monday in highly volatile trade.

Gold prices sank below key levels on Tuesday, with metal markets back under pressure as stronger-than-expected U.S. data boosted the dollar and ramped up uncertainty over strength in the U.S. economy and how the Federal Reserve will respond to it. Spot gold was flat around \$1,769.30 an ounce, while gold futures were steady at \$1,781.55 an ounce. Both instruments tumbled around 1.7% on Monday, their worst day in nearly three months. Other precious metals were also subdued on Tuesday after falling sharply in the prior session. Platinum futures fell 0.1%, while silver futures were flat around \$22.422 an ounce. Both metals plunged 2.4% and 4.4% on Monday, respectively. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0293	1.0695
GBP/USD	1.1985	1.2395
USD/ZAR	15.4660	19.4722
USD/AED	3.6627	3.6829
USD/JPY	134.20	138.55