

# DAILY FOREX NEWSLETTER

Friday 11<sup>th</sup> Feb 2022

## Local Markets:

The Kenyan shilling was stable against the dollar on Thursday as large importers stayed on the sidelines waiting for the shilling to strengthen on the back of a government bond sale next week.

## Top News:

- Gold prices were steady on Friday, as bullion's appeal as an inflation hedge was partially capped by hawkish comments from a U.S. Federal Reserve official that ramped up odds for a hefty interest rate hike next month and lifted Treasury yields.
- Oil prices eased on Friday as hot U.S. inflation fanned worries about aggressive interest rate hikes and investors await the outcome of U.S.-Iran talks that could lead to increased global crude supply.

## International Markets

**USD:** The dollar was up on Friday morning in Asia, with higher-than-expected U.S. inflation data and hawkish comments from a Federal Reserve policymaker accelerating expectations of aggressive interest rate hikes. However, similar pressures globally capped gains.

**GBP:** GBP/USD remains on the back foot around intraday low, keeps previous day's pullback from three-week top. UK's Truss, EU's Sefcovic to discuss Brexit, chatter over UK's new offer on Northern Ireland keep pair buyers hopeful. UK PM Johnson battles 'Partygate' problems, Britain eases more activity restrictions. Preliminary readings of UK Q4 GDP, US Michigan Consumer Sentiment Index for February will be crucial. GBP/USD pares intraday losses around 1.3550 but keeps the previous day's pullback from a multi-day high during Friday's Asian session

**EUR:** EUR/USD remains on the back foot around weekly low. US Treasury yields refreshed 2.5-year high after US CPI rallied to almost five-decade top. ECB's Lagarde rules out faster rate hikes, Fed speak stays hawkish despite Birkin's cautious statements. German inflation, US Michigan Consumer Sentiment Index will decorate the calendar. EUR/USD licks its wounds near 1.1400, keeping the previous day's pullback from a three-month high during Friday's Asian session.

**INR:** USD/INR crosses short-term key hurdle during three-day run-up, refresh two-week top. RBI keeps policy rates unchanged, cites supply constraints. Market sentiment remains sluggish as traders await US CPI for January amid mixed concerns over March rate hikes.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	150.10	155.10	GBP/USD	1.3560	1.3565
EUR/KES	126.30	130.60	EUR/USD	1.1410	1.1446
INR/KES		1.5560	AUD/USD	0.7145	0.7195
			USD/INR	75.10	74.80
			Commodities		
			Gold	1826	1834
			Brent Crude	91.16	91.56

## T-Bills Rates:

Duration	Current	Previous
91 Days	7.285%	7.317%
182 Days	8.108%	8.095%
364 Days	9.668%	9.594%

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