

DAILY FOREX NEWSLETTER

Wednesday 9th Feb 2022

Local Markets:

The Kenyan shilling held steady on Tuesday as the market remained in a holding pattern ahead of the sale of a government infrastructure bond later this month, which could draw in dollars from offshore investors.

Top News:

- Asian shares advanced on Wednesday with tech stocks particularly catching a lift following a strong session on Wall Street, while U.S. treasury yields held near multi-year highs ahead of closely watched inflation data this week.
- Oil prices climbed on Wednesday after two sessions of losses as industry data showed an unexpected drop in U.S. crude and fuel stocks, offsetting concerns of a possible rise in supplies from Iran.

International Markets

USD: The dollar was down on Wednesday morning in Asia despite U.S. Treasury yields climbing to multi-year highs. Investors now await U.S. inflation data due on Thursday for clues of the U.S. Federal Reserve's timeline on interest rate hikes.

GBP: GBP/USD benefits from softer USD, picks up bids during two-day run-up. Yields retreat from 2.5-year high amid mixed concerns over inflation. UK PM Johnson's mini-shuffle hints to overcome Brexit deadlock, UK PAC criticizes Brexit. Speeches from BOE Chief Economist Huw Phill, Fed Cleveland President Loretta J. Master will be observed for intermediate clues. GBP/USD extends the previous day's rebound from 100-SMA towards 1.3600 during early Wednesday morning in Europe. That said, the cable pair cheers softer US dollar to pick up bids to 1.3565 by the press time

EUR: EUR/USD snaps two-day downtrend but stays negative on weekly, grinds higher around intraday top of late. US Treasury yields retreat from the highest levels since July 2019, Fed's Daly placates inflation fears. ECB's Villeroy criticized hawkish reaction to the latest monetary policy verdict. Fed Cleveland President's speech, German trade numbers may offer intraday moves. EUR/USD struggles to keep intraday gains, recently taking rounds to 1.1430 during early Wednesday morning in Europe.

INR: USD/INR reverses Tuesday's rebound from weekly bottom, remains inside short-term trading range. Bullish divergence on RSI challenges monthly support breaks ahead of Thursday's key RBI meeting. USD/INR takes a U-turn from the weekly top, refreshing intraday low near 74.67 during Wednesday's Asian session.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	150.10	156.25	GBP/USD	1.3580	1.3545
EUR/KES	126.50	131.80	EUR/USD	1.1460	1.1445
INR/KES		1.5570	AUD/USD	0.7190	0.7140
			USD/INR	74.67	74.53
			Commodities		
			Gold	1827	1820
			Brent Crude	91.20	92.51

T-Bills Rates:

Duration	Current	Previous
91 Days	7.317%	7.343%
182 Days	8.095%	8.112%
364 Days	9.594%	9.544%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.