

# DAILY FOREX NEWSLETTER

Wednesday 16<sup>th</sup> Feb 2022

## Local Markets:

The Kenyan shilling was stable on Tuesday, though possible uptick in demand for dollars could see the shilling come under slight pressure.

## Top News:

- Asian shares rallied on Wednesday as fears of a Russian invasion of the Ukraine this week dissipated after Moscow indicated it was returning some troops to base on exercises, delivering investors a measure of relief.
- Oil pared some losses in early Asian trading on Wednesday after an over 3% fall the previous day, as investors weighed an easing Russia-Ukraine tension against overall tight global supplies.

## International Markets

**USD:** The dollar was up on Wednesday morning in Asia, while the euro held on to overnight gains in early Asia Pacific trade. Investors also digested reports that Russia could move forces away from its border with Ukraine, alongside the latest economic data from China.

**GBP:** GBP/USD holds onto the previous day's recovery moves, side-lined of late. Brexit, UK politics challenge bulls but downbeat sentiment and a pause in USD rebound keep buyers hopeful. UK jobs report flashed warnings to BOE, February inflation data will be crucial amid hawkish hopes for March. US Retail Sales for February, FOMC Minutes and Russia-Ukraine headlines are important too. GBP/USD grinds higher around 1.3545-50 during Wednesday's Asian session, following a bounce off a fortnight low.

**EUR:** EUR/USD pares the biggest daily gains in two weeks. ECB's Schnabel sounds hawkish but not as much as Fed speak, US data came in mixed. Market's cautious optimism weighs on yields but USD buyers stay hopeful. Headlines from Russia, Eurozone Industrial Production also need attention for clear guide. EUR/USD takes offers to refresh daily low near 1.1345, down 0.11% intraday, as the pair traders consolidate the heaviest daily jump in a fortnight during Wednesday's Asian session.

**INR:** USD/INR struggles to extend the bounce off weekly low, consolidates biggest daily loss in two weeks. Bearish MACD signals, multiple hurdles to the north signal challenges for buyers. Monthly support line, 200-SMA act as strong support. USD/INR fades corrective pullback from short-term key support above 75.00 during Wednesday's Asian session. That said, the Indian rupee (INR) pair retreats to 75.25 by the press time.

## Indicative FX rates as at 8.30am:

| Currency       | Buying | Selling | Currency           | Today  | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| <b>USD/KES</b> | 112.40 | 114.90  |                    |        |          |
| <b>GBP/KES</b> | 150.20 | 156.10  | <b>GBP/USD</b>     | 1.3580 | 1.3585   |
| <b>EUR/KES</b> | 125.60 | 130.80  | <b>EUR/USD</b>     | 1.1385 | 1.1345   |
| <b>INR/KES</b> |        | 1.5560  | <b>AUD/USD</b>     | 0.7185 | 0.7135   |
|                |        |         | <b>USD/INR</b>     | 75.06  | 75.56    |
|                |        |         | <b>Commodities</b> |        |          |
|                |        |         | <b>Gold</b>        | 1852   | 1879     |
|                |        |         | <b>Brent Crude</b> | 93.18  | 95.80    |

## 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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