

# DAILY FOREX NEWSLETTER

Thursday 17<sup>th</sup> Feb 2022

## Local Markets:

The Kenyan shilling was stable on Wednesday, with supply and demand for hard currency evenly matched. Kenya should cut its budget deficit for the next financial year by half to 3% of gross domestic product (GDP) to avoid breaching a debt ceiling, set by law as a means of preventing the deficit running out of control, a parliamentary committee said.

Kenya Central Bank Auctioned 19-year Treasury bond due on 2041, the yield was at 12.965%, bonds worth 98.64 B shillings was sold vs target of 75 B.

## Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency    | Today  | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES  | 112.40 | 114.90  |             |        |          |
| GBP/KES  | 150.20 | 156.50  | GBP/USD     | 1.3610 | 1.3580   |
| EUR/KES  | 125.60 | 130.90  | EUR/USD     | 1.1395 | 1.1385   |
| INR/KES  |        | 1.5560  | AUD/USD     | 0.7210 | 0.7185   |
|          |        |         | USD/INR     | 74.90  | 75.06    |
|          |        |         | Commodities |        |          |
|          |        |         | Gold        | 1874   | 1852     |
|          |        |         | Brent Crude | 93.86  | 93.18    |

## T-Bills Rates:

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

## Top News:

- Asian stock markets were mostly higher on Thursday while bond yields extended their decline as investors weighed risks of a Ukraine invasion against signs that the U.S. Federal Reserve won't be as aggressive as feared in tightening policy.
- Oil slid more than 2% in early Asian trade on Thursday after both France and Iran said parties are closer to an agreement to salvage Iran's 2015 nuclear deal with world powers, offsetting ongoing concerns over the situation in Ukraine.

## International Markets

**USD:** The dollar bounced in the Asia session on Thursday after a Russian news report of mortar fire in eastern Ukraine sent investors worried about a wider war scurrying for safety.

**GBP:** GBP/USD bulls moved in on FOMC minutes, extending earlier gains on BoE sentiment. Russian headlines continue to keep traders on edge of their seats. GBP/USD is holding in near 1.3580 and in a tight Asian range of 20 pips as traders sit on their hands weighing the Federal Open Market Committee minutes vs Russian headlines. The US dollar was pressured overnight on the minutes despite concerns over an imminent threat of a Russian invasion of Ukraine.

**EUR:** EUR/USD takes offers to snap two-day rebound on news that Ukraine violated ceasefire. ECB policymakers have recently been hawkish, FOMC refrained to back 0.5% rate hike in March. Strong US data pressures Fed, yields drop but DXY regains upside momentum on fresh risk-aversion wave. Comments from central bankers, ECB Economic Bulletin and second-tier data decorate calendar. EUR/USD extends pullback from the weekly top, pressured around intraday low near 1.1330 as the USD cheers a surprise swing to risk-aversion during early Thursday morning in Europe.

**INR:** USD/INR shoots up on risk off after opening low at 74.97, Mkts rattled by unconfirmed news from Sputnik on Ukraine firing mortar shells, grenades. USD/INR shot up to 75.23 high, last 75.18-20UST yields down on haven buying, 10yr yield last 1.96% from 2.03%.

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

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