

DAILY FOREX NEWSLETTER

Monday 21st February 2022

Local Markets:

The Kenyan shilling inched down on Friday due to increased dollar demand,

Top News:

- Asian share markets pared sharp early losses on Monday as a glimmer of hope emerged for a diplomatic solution to the Russian-Ukraine standoff, though there remained plenty of devil in the detail.
- Oil prices fell on Monday on a plan for U.S. President Joe Biden and Russia's Vladimir Putin to hold a summit on the Ukraine crisis and on prospects of a nuclear deal between Iran and world powers in the next week or two.

International Markets

USD: The dollar was down on Monday morning in Asia, with currency markets monitoring the ongoing tensions over Ukraine. The safe-haven yen was not far from a two-week high while the euro was on edge as investors calculated the energy security and economic implications for Europe in the event of a Russian invasion.

GBP: GBP/USD riding the risk-on waves on prospects of diplomacy over an invasion of Ukraine. Fed and BoE speakers are scheduled for the week ahead. GBP/USD is higher at the start of the week, penetrating the 1.36 area after moving up from a low of 1.3583 to test the 1.3620 highs. Sterling was firming for a third consecutive week on Friday. It was helped by better-than-expected UK Retail Sales numbers, expectations of rate hikes from the Bank of England and now, at the start of the week, risk-on headlines related to Russia/Ukraine.

EUR: EUR/USD refreshes intraday high to portray the first positive daily performance in three. Market sentiment improves on Biden-Putin summit news, Blinken-Lavrov on the cards as well. Hawkish ECB rhetoric contrasts recently easy Fed speak to underpin further upside of the pair. Preliminary PMIs for February fed speak decorates calendar, but risk catalysts are more important for near-term directions. EUR/USD takes the bids to renew intraday high near 1.1365, up 0.35% intraday as it snaps two-day downtrend during the late Asian session on Monday. The major currency pair not only dropped during the last two days but also portrayed a fortnight-long south-run before the latest recovery, mainly due to the improvement in the risk appetite.

INR: USD/INR remains on the back foot near the monthly low after posting the heaviest weekly fall since late December. News of Biden-Putin summit joins Blinken-Lavrov talks to underpin hopes of Ukraine diplomacy and drags USD. India's daily covid infections drop to December 30 levels, bond selling by foreign investors slows down after MPC. Preliminary PMIs for February, US PCE Inflation data will decorate weekly calendar, Russia-Ukraine developments are the key. USD/INR refreshes intraday low to 74.53, down 0.15% on a day during early Monday morning in Europe.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	150.50	156.95	GBP/USD	1.3655	1.3625
EUR/KES	125.60	130.90	EUR/USD	1.1395	1.1390
INR/KES		1.5560	AUD/USD	0.7245	0.7230
			USD/INR	74.24	74.80
			Commodities		
			Gold	1891	1890
			Brent Crude	93.23	92.44

T-Bills Rates:

Duration	Current	Previous
91 Days	7.250%	7.285%
182 Days	8.075%	8.108%
364 Days	9.724%	9.668%

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