

DAILY FOREX NEWSLETTE

Friday 11th March 2022

Local Markets:

The Kenyan shilling weakened on Thursday to hit a fresh all-time low on the back of dollar demand from some companies preparing to pay 2021 dividends to their offshore shareholders.

Top News:

- Gold steadied near the \$2,000 an ounce level on Thursday, after big gyrations over the past couple of sessions, as its safe-haven appeal was supported by a lack of progress in talks between Russia and Ukraine.
- Oil prices settled lower on Thursday after a volatile session, a day after its biggest daily dive in two years, as Russia pledged to fulfil contractual obligations and some traders said supply disruption concerns were overdone.

International Markets

USD: The dollar was up on Friday morning in Asia, hitting a new five-year high on the yen after a U.S. inflation report showed the largest annual increase in 40 years. The euro struggled to hold its own, with a surprisingly hawkish turn from the European Central Bank (ECB) offset by growth risks from the Russian invasion of Ukraine.

GBP: A slip below 61.8% Fibo retracement at 1.3283 has established a bearish tone. The cable has been dumped almost 4% in the past 15 trading sessions. The RSI (14) has shifted into a bearish range of 20.00-40.00, which adds to the downside filters. The GBP/USD pair has witnessed carnage amid broader risk-off impulse in the market. The pound bulls have been dumped almost 4% in the past 15 trading sessions. On Friday, the cable has registered a fresh 52-week low at 1.3082. The major prepares for a fresh weakness after slipping below 20 December 2021 low at 1.3174.

EUR: EUR/USD consolidates ECB-led declines amid USD pullback, braces for the first positive week in five. US Senate passes \$14.00 billion bill to help Ukraine, \$1.5 trillion to avoid shutdown. ECB tried Fed moves but couldn't hide economic fears, US inflation added fuel to DXY run-up. UN Security Council meeting on Russia's request, US Michigan Consumer Sentiment eyed for fresh impulse. EUR/USD licks post-ECB wounds while making rounds to 1.1000, up 0.15% intraday during the mid-Asian session on Friday

INR: Falling oil prices have underpinned the Indian rupee against the greenback. The DXY is still firmer amid a fresh wave in risk-off impulse in the market. Higher oil prices have yet to be incorporated in multi-decade inflation levels. The USD/INR has witnessed a steep fall from a multi-year high at 77.17 after OPEC promised to pump more oil to fix the demand-supply imbalance on the urge of US President Joe Biden.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 112.40 | 115.10 | | | |
| GBP/KES | 145.50 | 150.80 | GBP/USD | 1.3120 | 1.3200 |
| EUR/KES | 122.00 | 127.00 | EUR/USD | 1.1040 | 1.1090 |
| INR/KES | | 1.5250 | AUD/USD | 0.7360 | 0.7350 |
| | | | USD/INR | 76.20 | 76.00 |
| | | | Commodities | | |
| | | | Gold | 1985 | 1978 |
| | | | Brent Crude | 109.49 | 114.90 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.206% | 7.265% |
| 182 Days | 8.032% | 8.063% |
| 364 Days | 9.771% | 9.774% |
| | | |

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.