

DAILY FOREX NEWSLETTER

Tuesday 22nd March 2022

Local Markets:

The Kenya's shilling was little changed on Monday, and it was expected to weaken due to increased dollar demand from various sectors in the economy.

Top News:

- Gains in banks, energy and mining stocks lifted Asian equities a little higher on Tuesday as investors braced for aggressive U.S. rate hikes and war disrupting oil supplies
- Oil futures extended gains on Tuesday morning on news that some European Union members are considering imposing sanctions on Russian oil and as attacks on Saudi oil facilities sent jitters through the market.

International Markets

USD: The dollar was up on Tuesday morning in Asia, while the yen fell through the 120 marks for the first time since 2016. Investors continued to digest a hawkish speech from U.S. Federal Reserve Chair Jerome Powell that raised bets on higher U.S. interest rates and widened the policy gap on a dovish Bank of Japan.

GBP: GBP/USD remains pressured around one-week-old ascending support line. Bearish MACD signals, failures to cross 1.3190-3200 resistance area favor sellers. 50-SMA adds to the downside filters, bulls need validation from 1.3275. GBP/USD stays depressed for the second consecutive day, down 0.12% intraday around 1.3150 during early Tuesday morning in Europe.

EUR: EUR/USD prints three-day downtrend on breaking fortnight-long support. DXY renews weekly top as yields rally on hawkish Fed, ECB's Lagarde refrains from following Fed. Ukraine-led fears ease as Russia again avoids default, Kyiv ready to discuss separation from NATO. Speeches from ECB, Fed policymakers to join Russia-Ukraine headlines to direct immediate moves. EUR/USD pares intraday losses around 1.1000 amid the early European morning on Tuesday. Even so, the major currency pair holds onto the downside break of the previous support line from March 07 as bond sellers' aggression propels the US dollar.

INR: Indian rupee depreciates on rising oil prices and broader risk-aversion theme. Seven interest rate hikes by Fed in 2022 will squeeze the liquidity in the market significantly. Rising oil prices are likely to widen India's fiscal deficit. The USD/INR has decisively breached its previous upside hurdle of 76.00 and is marching swiftly towards 76.50 amid diminishing demand for risk-sensitive assets and rising oil prices.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	113.20	115.50			
GBP/KES	146.10	152.40	GBP/USD	1.3165	1.3187
EUR/KES	122.00	127.60	EUR/USD	1.1010	1.1080
INR/KES		1.5365	AUD/USD	0.7435	0.7345
			USD/INR	76.15	75.75
			Commodities		
			Gold	1936	1927
			Brent Crude	118.58	111.47

T-Bills Rates:

Duration	Current	Previous
91 Days	7.252%	7.206%
182 Days	8.093%	8.032%
364 Days	9.763%	9.771%

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

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