

DAILY FOREX NEWSLETTER

Monday 28th March 2022

Local Markets:

The Kenya's shilling inched down on Friday to a fresh all time low against the dollar, as energy firms and general importers sought hard currencies for their transactions.

Top News:

- Asian shares and oil prices both slid on Monday as coronavirus lockdown in Shanghai looked set to hit global activity, while the yen extended its stomach-churning descent as the Bank of Japan acted to keep local yields near zero.
- Oil prices plunged about \$4 on Monday as concerns over slower fuel demand in China grew after authorities in Shanghai said they would shut the country's financial hub for a COVID-19 testing blitz over nine days.

International Markets

USD: The dollar was up on Monday morning in Asia. The Japanese yen continued a downward trend after the Bank of Japan (BOJ) stepped into the market to defend its implicit yield cap. Bitcoin climbed to nearly its highest level in the year to date.

GBP: GBP/USD has slipped near 1.3150 ahead of the BOE's Bailey speech. The risk-off impulse due to the resurgence of Covid-19 in China has improved safe-haven appeal. UK's CPI at 6.2% indicates one more rate hike by the BOE in May. The GBP/USD pair has witnessed selling pressure in early Tokyo, which has drifted the pair lower towards 1.3156. The cable has violated two-trading sessions low at 0.3156 and is eyeing more weakness ahead of the Bank of England (BOE) Governor Andrew Bailey's speech, which is due on Monday.

EUR: EUR/USD takes offers to renew eight-day low, down for the fourth consecutive day. US 10-year Treasury yields refresh three-year high as hawkish Fed speak continues. US, Germany try to placate fears of regime change in Russia, Shanghai announced fresh lockdown. Inflation, geopolitical woes weigh on statistics, underpinning the fears of NFP disappointment and USD pullback. EUR/USD prints a four-day downtrend to please sellers around 1.0950 during Monday's Asian session. In doing so, the major currency pair drops to the lowest levels in eight days as risk-aversion joins firmer Treasury bond yields.

INR: The Indian rupee was at 76.3150/76.3250 against the U.S. currency, compared with 76.1975/76.2075 in the previous session, as concerns over aggressive Federal Reserve policy tightening to tame inflation fueled another selloff in U.S. bonds.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES | 113.20 | 116.00 | | | |
| GBP/KES | 145.80 | 152.80 | GBP/USD | 1.3180 | 1.3250 |
| EUR/KES | 121.20 | 127.25 | EUR/USD | 1.0980 | 1.1020 |
| INR/KES | | 1.5365 | AUD/USD | 0.7560 | 0.7565 |
| | | | USD/INR | 75.90 | 75.80 |
| | | | Commodities | | |
| | | | Gold | 1942 | 1958 |
| | | | Brent Crude | 117.07 | 118.90 |

T-Bills Rates:

| Duration | Current | Previous |
|----------|---------|----------|
| 91 Days | 7.283% | 7.252% |
| 182 Days | 8.134% | 8.093% |
| 364 Days | 9.767% | 9.763% |
| | | |

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.