

# DAILY FOREX NEWSLETTER

Wednesday 29th March 2022

## Local Markets:

The Kenyan shilling was stable on Tuesday, and it was forecast to weaken due to increased dollar demand from energy, hardware, and merchandise importers.

## Top News:

- Asia shares joined a global rally on Wednesday as hopes rose for a negotiated end to the Ukraine conflict, while bond markets signaled concern overnight that aggressive rate hikes could damage the U.S. economy after 10-year yields briefly dipped below two-year rates.
- Oil prices climbed on Wednesday, erasing losses from the previous session, on hopes of progress in peace talks between Russia and Ukraine and providing a fresh reminder supply remains tight as data showed U.S. crude stocks fell sharply last week.

## International Markets

**USD:** The dollar was down on Wednesday morning in Asia as hopes for a breakthrough in peace talks between Russia and Ukraine gave the euro a boost. The Japanese yen, which is already under pressure, steadied even as the Bank of Japan (BOJ) continues its efforts to pin down bond yields.

**GBP:** GBP/USD bulls step up the pace in the hint for the 1.3160s. The US dollar bleeds as the focus remains on a breakthrough in peace talks Russia/ Ukraine. GBP/USD is trading around 1.3110 and near the highs of the day as the US dollar slides. Sterling underperformed, returning to around 1.3100, net flat overnight, although the pair is picking up a bid in Asian markets ahead of the European open as Asia shares joined a global rally on Wednesday

**EUR:** EUR/USD bulls are hunting down the 1.11 area. EUR/USD bulls attempting to recover with 1.1100 roadblock ahead. The euro has been enjoying a relief rally built on constructive peace talks between Ukraine and Russia which initially sent the price of oil lower. However, sceptics were in the room and that has weighed on risk sentiment again.

**INR:** The Indian rupee rose to its highest level in four weeks and was at 75.71/75.72 against the U.S. currency, as compared with 75.98/75.99 in the previous session, tracking gains in regional currencies and equities on the possibility of a truce between Russia and Ukraine.

## Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency    | Today  | Previous |
|----------|--------|---------|-------------|--------|----------|
| USD/KES  | 114.50 | 116.60  |             |        |          |
| GBP/KES  | 146.80 | 152.90  | GBP/USD     | 1.3135 | 1.3140   |
| EUR/KES  | 124.20 | 129.65  | EUR/USD     | 1.1132 | 1.0985   |
| INR/KES  |        | 1.5365  | AUD/USD     | 0.7545 | 0.7510   |
|          |        |         | USD/INR     | 75.50  | 75.70    |
|          |        |         | Commodities |        |          |
|          |        |         | Gold        | 1924   | 1923     |
|          |        |         | Brent Crude | 110.98 | 111.28   |

## T-Bills Rates:

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

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