

DAILY FOREX NEWSLETTE

Thursday 3rd March 2022

Local Markets:

The Kenyan shilling was little changed on Wednesday, and it was likely to weaken on the back of dollar demand from importers in the energy sector.

Top News:

- Asian shares were trying to rally on Thursday after reassuring comments from the Federal Reserve helped Wall Street bounce, even as the war in Ukraine sent oil and commodity prices spiraling ever higher in a grim omen for global inflation.
- Oil prices extended their rally on Thursday, with Brent rising above \$116 a barrel, as trade disruption and shipping issues from Russian sanctions over the Ukraine crisis sparked supply worries while U.S. crude stocks fell to multi-year lows.

International Markets

USD: The dollar was up on Thursday morning in Asia. The euro was near a 21-month low over worries that the Russian invasion of Ukraine will hurt Europe's economy, while commodity currencies were at multi-week highs as export prices surged.

GBP: GBP/USD is heading higher amid a slightly less hawkish stance in Powell's testimony. The DXY is defending the bids ahead of the Russia-Ukraine peace talks. The odds of a 50 bps interest rate hike have trimmed significantly. The GBP/USD pair has observed a firmer rally from Wednesday's low at 1.3272 as Federal Reserve (Fed) chair Jerome Powell's Wednesday testimony indicated a slightly less hawkish stance for March's monetary policy rather than an aggressive one.

EUR: EUR/USD remains on the back foot around 20-month low. Yields improve on hawkish Fed, anxiety over Russia-Ukraine peace talks. US/EU data, Fed v/s ECB battles will also direct traders. EUR/USD fades bounce off the lowest levels since May 2020 as the quote eases to 1.1100 during early Thursday morning in Europe. The major currency pair flashed a Doji candlestick near multi-day low the previous day but risk-off mood, coupled with widening gap between the Fed and the ECB policymakers' thinking, weighed on the quote afterward.

INR: USD/INR reverse the previous day's pullback from multi-day high, picks up bids of late. Indian shares track Wall Street gains but 11-year high WTI crude oil challenges bulls as India trade deficit balloons. Ukraine, Russia is likely up for another round of peace talks with rumors over ceasefire demand. Powell's testimony 2.0, US ISM Services PMI may entertain traders but geopolitics, US NFP are more important catalysts. USD/INR remains on the front foot around a 2.5-month high, despite the early Asian session pullback.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	112.40	115.00			
GBP/KES	148.80	154.60	GBP/USD	1.3440	1.3340
EUR/KES	123.20	128.20	EUR/USD	1.1135	1.1145
INR/KES		1.5380	AUD/USD	0.7335	0.7295
			USD/INR	75.57	75.50
			Commodities		
			Gold	1925	1934
			Brent Crude	116.94	110.06

T-Bills Rates:

Duration	Current	Previous
91 Days	7.254%	7.250%
182 Days	8.062%	8.075%
364 Days	9.764%	9.724%

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