

DAILY FOREX NEWSLETTER

Wednesday 20th April 2022

Local Markets:

The Kenyan shilling weakened slightly on Tuesday, extending its gradual slide under sustained pressure from importers and with no immediate sign of Central Bank intervention.

Top News:

- Oil and stock markets were under pressure on Wednesday on worries about the fallout from China's pandemic lockdowns, while the yen slightly extended its record losing streak as traders put Japan's ultra-easy monetary policy settings to the test
- Oil prices rebounded on Wednesday from sharp losses in the previous session as concerns about tighter supplies from Russia and Libya dominated, while industry data showed a drop in U.S. crude inventories last week.

International Markets

USD: The dollar was down on Tuesday morning in Asia, hitting a fresh two-decade peak against the yen. U.S. Federal Reserve policymakers pushed for sizeable interest rate hikes, and the Bank of Japan (BOJ) maintained its dovish stance as it intervened in the market again.

GBP: GBP/USD rebounds firmly after testing the yearly lows at 1.2987. The dictations from Fed's Powell and BOE's Bailey are the major events this week to watch out for. The DXY has faced strong barricades near 101.00. The GBP/USD pair is scaling higher sharply after sensing significant bids to near the psychological support of 1.3000. The cable has been strengthened amid weakness in the US dollar index (DXY). The DXY has plunged in the Asian session after failing to sustain above the ground level resistance of 101.00. It seems like a rebound in the Wall Street has eased some volatility, which arise due to higher expectations of a mega rate hike by the Federal Reserve (Fed).

EUR: EUR/USD has climbed above to near 1.0820 as investors shrug off Fed-ECB divergence. The DXY has been dragged sharply after multiple failed attempts of establishment above 101.00. In the European session, Euro's Industrial Production and Germany's PPI will remain in focus. The EUR/USD pair has witnessed a decent upside move after exploding from the previous consolidation zone, which placed in a narrow range of 1.0780-1.0798. The pair has recorded a fresh daily high at 1.0822 and is likely to extend its gains considering the price action and higher demand for risk-sensitive assets.

INR: The Indian rupee rose against the U.S. currency, tracking a pullback on the dollar index amid better risk appetite. The rupee was quoting at 76.33 to the dollar, up from 76.51 yesterday. The dollar index was down 0.3% to 100.68. Earlier today, the gauge had reached a new two-year high of 101.04, tracking a further uptick in Treasury yields. Brent crude was up 0.9% at \$108.36 per barrel after slipping more than 5% yesterday.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	114.50	117.50			
GBP/KES	147.50	153.40	GBP/USD	1.3065	1.3030
EUR/KES	122.50	127.30	EUR/USD	1.0835	1.0790
INR/KES		1.5680	AUD/USD	0.7460	0.7410
			USD/INR	75.95	75.90
			Commodities		
			Gold	1945	1974
			Brent Crude	108.50	113.27

T-Bills Rates:

Duration	Current	Previous
91 Days	7.424%	7.377%
182 Days	8.315%	8.219%
364 Days	9.745%	9.743%

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.