

DAILY FOREX NEWSLETTER

Thursday 21st April 2022

Local Markets:

The Kenyan shilling was broadly stable in thin trade on Wednesday, with dollar demand from the manufacturing and energy sectors and importers maintaining downward pressure.

Top News:

- Mainland China and Hong Kong stocks fell on Thursday, hurt by worries about the Chinese economy, but an overnight tumble in longer dated U.S. treasury yields lent support to other benchmark indexes.
- Oil prices traded higher but in a narrow range on Thursday, after being rocked earlier in the week by supply losses from Libya and a worrying outlook for demand as the International Monetary Fund cut its global growth forecasts.

International Markets

USD: The dollar was up on Thursday morning in Asia over expectations that U.S. Federal Reserve will tighten its monetary policy more aggressively. However, the greenback was far off the previous day's high as investors await what a gathering of finance ministers might say about the currency's rapid appreciation.

GBP: GBP/USD's recovery fizzles as the US dollar regains ground across the board. GBP bulls need acceptance above 21-DMA to reverse the downtrend. Speeches by BOE's Bailey and Fed's Powell hold the key for cable traders. GBP/USD is trading in the red around 1.3050 after running into strong offers once again near 1.3070. The US dollar rebound in tandem with the Treasury yields could be attributed as the main reason behind cable's pullback from higher levels. All eyes now remain on the speeches by Fed Chair Jerome Powell and his British counterpart Andrew Bailey, which could likely underscore the Fed-BOE monetary policy divergence.

EUR: EUR/USD bulls losing grip but could be about to step in again. French elections are bullish for the euro although the US dollar remains the obstacle. EUR/USD bears have gritted their teeth and growled in the face of a bullish stampede, recently sending the euro onto the backfoot despite a favourable prospect in the French elections. At the time of writing, EUR/USD is trading around 1.8040, the 61.8% ratio of the prior bullish impulse. The pair has slid from a high of 1.0854 and has marked a low of 1.0838 in recent trade

INR: The rupee started the session on a flat note against the US dollar on Thursday amid strong American currency in the overseas market and a firm trend in the domestic equities. Besides, unabated foreign fund outflows and fluctuations in international crude prices weighed on investor sentiments, forex traders said. At the interbank foreign exchange, the rupee opened slightly strong at 76.28 against the US dollar but soon shed the gains to quote at 76.31, registering a fall of just 1 paisa over the last close.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|--------|----------|
| USD/KES | 114.50 | 117.50 | | | |
| GBP/KES | 147.50 | 153.70 | GBP/USD | 1.3090 | 1.3063 |
| EUR/KES | 122.50 | 127.70 | EUR/USD | 1.0890 | 1.0835 |
| INR/KES | | 1.5680 | AUD/USD | 0.7485 | 0.7460 |
| | | | USD/INR | 75.85 | 75.95 |
| | | | Commodities | | |
| | | | Gold | 1951 | 1945 |
| | | | Brent Crude | 108.04 | 108.50 |

T-Bills Rates:

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

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