

# DAILY FOREX NEWSLETTER

Thursday 16<sup>th</sup> March 2023

The Kenyan shilling edged lower on Wednesday as persistent foreign-currency demand from the oil and manufacturing sectors outmatched muted supply from aid agencies, tourism operators and remittances.

### Top News:

- Asian stocks slid on Thursday and investors turned to the safety of gold, bonds and dollars as Credit Suisse became the latest focal point for fears of a banking crisis, leaving markets on edge ahead of a European Central Bank meeting later in the day.
- Oil prices clawed back some ground on Thursday after sliding to 15-month lows in the previous session as markets calmed somewhat after Credit Suisse CSGN.S was thrown a financial lifeline by Swiss regulators.

### International Markets

**USD:** The dollar rose on Wednesday on safe haven buying after Credit Suisse's stock tumbled following the disclosure of "weaknesses" in its financial reporting that renewed investor concerns that a full-blown global banking crisis may be brewing.

**GBP:** GBP/USD is in silent mode amid BoE emergency talks on Credit Suisse crisis. Liquidity squeeze and falling yields are dialling back aggressive tightening across the globe. US PPI eased the price pressure while Retail Sales showed muted activity. GBP/USD is in a consolidative phase in early Asian trading hours on Thursday amid reports suggesting that the Bank of England (BoE) is in emergency talks as the Credit Suisse crisis worsens following the Swiss National Bank's (SNB) intervention.

**EUR:** EUR/USD sticks to mild gains while paring the biggest daily loss since September 2022. ECB policymakers are likely to cite inflation fears to justify anticipated 50 bps rate hike, forward guidance will be crucial. As Credit Suisse crisis follows US bank fallouts, fears of financial market crackdown like 2008 could weigh on Euro pair. Bond market moves, ECB's signals for future rate hikes and economic conditions will be crucial for near-term directions. EUR/USD picks up bids to 1.0600 as it pares the biggest daily loss in almost six months ahead of the European Central Bank's (ECB) Monetary Policy Meeting

**INR:** USD/INR has slipped to near 82.68 as USD Index has extended its correction. Investors are anticipating a less-hawkish monetary policy stance from the Fed after scrutiny of February's US economic data. Oil price is struggling to extend its recovery above \$68.00 as fears of a banking sector meltdown would result in lower advances.

### Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	135.50	143.70			
<b>GBP/KES</b>	163.60	173.70	<b>GBP/USD</b>	1.2145	1.2197
<b>EUR/KES</b>	143.70	152.80	<b>EUR/USD</b>	1.0650	1.0782
<b>INR/KES</b>		1.7540	<b>AUD/USD</b>	0.6680	0.6735
			<b>USD/INR</b>	81.35	81.25
			<b>Commodities</b>		
			<b>Gold</b>	1916	1900
			<b>Brent Crude</b>	74.65	78.52

### T-Bills Rates:

Duration	Current	Previous
91 Days	9.742%	9.698%
182 Days	10.216%	10.165%
364 Days	10.747%	10.690%

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