

DAILY FOREX NEWSLETTER

Thursday 23rd March 23,

The Kenyan shilling lost ground on Tuesday as elevated foreign exchange demand from energy importers and manufacturers continued to pressure the local currency.

Top News:

- Asia-Pacific markets were mixed on Thursday, following Wall Street's reaction overnight after the U.S. Federal Reserve hiked rates by another 25 basis points. Regional bank stocks in the U.S. also fell after Treasury Secretary Janet Yellen said in response to a question that officials are not considering a 'blanket insurance' for bank deposits
- Oil prices fell on Thursday following three sessions of gains, after U.S. Federal Reserve Chair Jerome Powell re-stated his commitment to curbing inflation, including the possibility of more interest rate rises.

International Markets

USD: The dollar tumbled to a near seven-week low on Wednesday after the Federal Reserve hiked interest rates as expected, although some language in the central bank's announcement suggested that interest rates may be close to reaching their peak.

GBP: GBP/USD picks up bids to seven-week high marked the previous day. Fed's 0.25% rate hike failed to please bulls amid fears of policy pivot, banking turmoil. Strong UK inflation, UK PM Sunak's Brexit success adds strength to the Cable pair's run-up. BoE is all set for 0.25% rate hike but looming bank fallouts, UK's political chaos may test the bulls. GBP/USD renews its intraday high near 1.2310 as it rises towards the seven-week high, marked the previous day, while bulls keep the reins ahead of the Bank of England's (BoE) monetary policy announcements. Adding strength to the Cable pair's run-up towards the 10-month-old resistance line near 1.2350 is the Brexit optimism and the Federal Reserve's (Fed) dovish hike, as well as the downbeat US Treasury bond yields.

EUR: EUR/USD is oscillating near 1.0900 as USD Index has extended its downside after Fed signals rate pause. Federal Reserve sees tightening credit conditions from US banks after banking fiasco. European Central Bank would continue to hike rates further as global financial stability to propel inflation further. EUR/USD has comfortably established above the 61.8% Fibo retracement, which cements more upside ahead. EUR/USD is hovering near the round-level resistance of 1.0900 in the Asian session. The major currency pair is looking to surpass the same as the Federal Reserve (Fed) has delivered signs of pausing the policy-tightening process ahead.

INR: USD/INR keeps Fed-induced losses around one-week low, depressed of late. Fed's dovish rate hike joins cautious optimism in Asia to underpin Indian Rupee strength. Yields remain pressured as bank fears propel market's rush toward bonds, Gold price. Some more central bank decisions, second-tier data to entertain traders but banking sector turmoil keeps USD/INR bears hopeful. USD/INR drops to 82.30 as it extends the Federal Reserve (Fed) inflicted losses to the lowest levels in eight days during early Thursday. In doing so, the Indian Rupee (INR) pair fades a corrective bounce marked in the day's start while declining towards the one-week low at the latest.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	130.00	137.20			
GBP/KES	160.20	169.50	GBP/USD	1.2360	1.2265
EUR/KES	142.00	150.20	EUR/USD	1.0955	1.0785
INR/KES		1.6745	AUD/USD	0.6775	0.6743
			USD/INR	81.15	81.65
			Commodities		
			Gold	1980	1938
			Brent Crude	76.03	75.03

T-Bills Rates:

Duration	Current	Previous
91 Days	9.780%	9.742%
182 Days	10.285%	10.216%
364 Days	10.777%	10.747%

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