

# DAILY FOREX NEWSLETTER

Wednesday 8<sup>th</sup> March 2023

The Kenya's shilling was steady on Tuesday, but it was expected to weaken during the session, undermined by increased demand for dollars from the energy and manufacturing sectors.

Kenya has issued its first oil import tender under a new system designed to cut pressure on the foreign exchange rate by switching to 180-day credit from settlement on delivery, the head of its energy regulator said on Tuesday.

## Top News:

- Asian shares fell sharply on Wednesday, while the dollar advanced after hawkish comments from Federal Reserve Chair Jerome Powell raised the possibility of the U.S. Central Bank returning to large rate hikes to tackle sticky inflation.
- Oil prices steadied in early Asian trade on Wednesday as industry data showed a draw in U.S. crude oil inventories, after the market tumbled in the previous session on fears more aggressive U.S. interest rate hikes would hit demand.

## International Markets

**USD:** The dollar hit a three-month high against a basket of currencies on Tuesday after Federal Reserve Chair Jerome Powell said the U.S. Central Bank is likely to raise rates more than previously expected and warned that the process of getting inflation back to 2% has "a long way to go."

**GBP:** GBP/USD has resumed its downside journey as the risk of Fed's bigger rates has propelled US yields. Fed's Powell sees a higher terminal rate than previously anticipated to bring down inflation. S&P500 futures have also resumed their downside journey, portraying that the risk-off mood is strengthening further. The GBP/USD pair has delivered a downside break of the consolidation formed around 1.1820 in the Asian session. The Cable has resumed its downside journey and has refreshed its day's low at 1.1812. Rising fears of a recession in the United States have propelled returns on US government bonds. The 10-year US Treasury yields have recaptured the 4.0% resistance.

**EUR:** EUR/USD remains depressed for the second consecutive day amid strong yields, renews three-month low of late. ECB policymakers defend hawkish bias but lack economic support to bolster Euro. Fed Chair Jerome Powell renews calls for 50 bps rate hike and propel yields, US Dollar. Eurozone Retail Sales, US ADP Employment Change act as additional catalysts to watch clear directions. EUR/USD renews a two-month low near 1.0525 as it extends the previous day's south-run amid the widest yield curve inversion since 1981. It's worth noting that the Euro pair slumped the most in more than a month the previous day on Federal Reserve (Fed) Jerome Powell's hawkish rhetoric, but a lack of major data/events seem to probe the bears of late, despite keeping them in the driver's seat during early Wednesday.

**INR:** The rupee weakened sharply against the US dollar in early trade Wednesday after comments by Federal Reserve Chair Jerome Powell suggested that the central bank would tighten monetary policy to a greater extent than earlier anticipated.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	130.50	138.80			
<b>GBP/KES</b>	154.70	164.25	<b>GBP/USD</b>	1.1845	1.2085
<b>EUR/KES</b>	138.25	146.35	<b>EUR/USD</b>	1.0565	1.0695
<b>INR/KES</b>		1.7020	<b>AUD/USD</b>	0.6645	0.6745
			<b>USD/INR</b>	81.10	81.27
			<b>Commodities</b>		
			<b>Gold</b>	1811	1848
			<b>Brent Crude</b>	83.55	86.42

## T-Bills Rates:

Duration	Current	Previous
91 Days	9.698%	9.655%
182 Days	10.165%	10.117%
364 Days	10.690%	10.676%

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