



DOMESTIC NEWS

The shilling waffled to the weaker side on Tuesday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 113.50/113.70 as compared to Monday's close of 113.45/113.65.

In the meantime, The Central Bank of Kenya(CBK) top policy organ, the Monetary Policy Committee(MPC) is holding its first meeting on Wednesday this week. If the MPC retains the Central Bank Rate at 7%, it will be the 12th consecutive time that the policy think tank has done so. The CBK cut the policy rate from 7.25 to 7% when the MPC met on April 29, 2020, against a backdrop of the global COVID-19 (coronavirus) pandemic and measures taken by authorities around the world to contain the spread and impact of the pandemic. Expectation is that the CBK top policy organ will retain the CBR in the short term at 7.00% with a bias towards an increase in the medium term as the economy continues to improve. Separately, a slight upward pressure on the interest rates especially in Q3'2022 is expected as the government compensates investors for the increased risk and uncertainty posed by the upcoming 2022 general elections.

Indicative Forex Rates

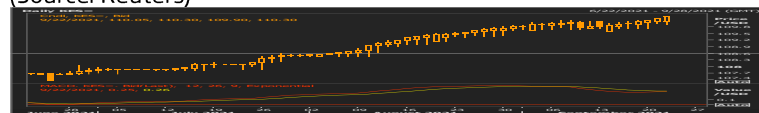
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	149.54	157.54	149.24	157.94
EUR/KES	124.05	131.95	124.85	132.35
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.610%	4.567%	0.043
91-Day T-bill	7.331%	7.309%	0.022
182-Day T-Bill	8.069%	8.081%	-0.012
364-Day T-Bill	9.510%	9.474%	0.036
Inflation	5.730%	5.800%	-0.070
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR
6 Months	0.44443	-0.55600
12 months	0.79857	-0.48571

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slumped on Tuesday to 95.290. The center of attention will be the Fed which is due to update its policy plan on Wednesday after a two-day meeting, and markets are priced for its first-rate hike in March, with three more quarter-point increases by year-end. Meanwhile, U.S. President Joe Biden said on Tuesday he would consider personal sanctions on Russian counterpart Vladimir Putin should Russia invade Ukraine. Western leaders also accelerated both military preparations and plans to shield Europe from a potential energy supply shock. Growing tensions have emanated as Russian troops massed on Ukraine's border.

The GBP/USD pair edged up to \$1.3512 on Tuesday, as the U.K. is dealing with an investigation into whether Prime Minister Boris Johnson potentially breached COVID-19 lockdown rules. The findings of an internal inquiry could be announced later in the day. Moving on, markets will pay attention to Fed Chair Jerome Powell's speech as the Fed Boss is likely to tease the March rate hike, which in turn could weigh on the GBP/USD prices.

The euro flexed its muscles on Tuesday around \$1.1300 levels as it braced for the Fed's verdict, following a two-day downtrend. In addition to the Fed concerns, the recently downbeat yields could be linked to the geopolitical tension surrounding Russia and Ukraine.

Elsewhere, global oil prices were down on Wednesday to \$86.90 per barrel, easing as investors booked profit ahead of the U.S. Federal Reserve's latest policy decision. However, fears over tighter supply over geopolitical tensions in Ukraine and the Middle East capped losses.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	USD
2 Weeks	6.55%	0.25%		
1 Month	6.75%	0.50%		
3 Months	7.00%	0.75%		
6 Months	7.50%	1.00%		
1 year	8.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1220	1.1440
GBP/USD	1.3360	1.3670
USD/AED	3.6645	3.6890
USD/JPY	111.10	116.90