



DOMESTIC NEWS

Kenya shilling lost ground on Wednesday, under pressure from dollar demand from all sectors of the economy particularly energy importers. Commercial banks quoted the shilling at 127.50/70 per dollar compared to Tuesdays closing rate of 126.85/127.05.

In other local market news, Kenya will from next month start importing fuel on credit of up to one year from the United Arab Emirates to ease pressure on dollar demand amid uncertainty over its impact on local pump prices.

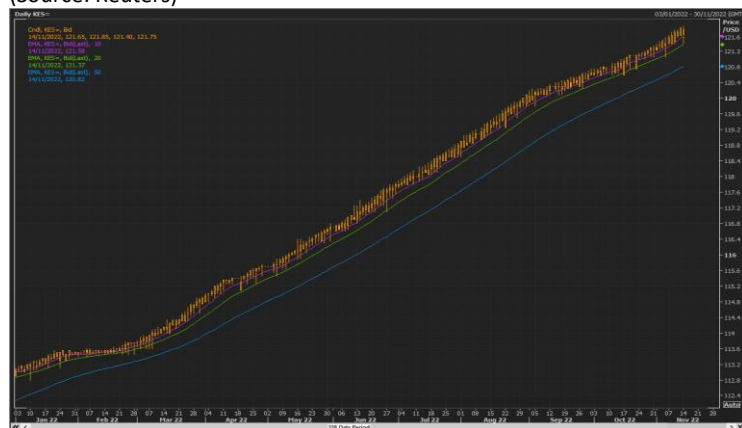
Energy and Petroleum Cabinet Secretary Davies Chirchir says the government-to-government deal will see Kenya import 30 percent of its monthly fuel requirements through the State-owned National Oil Corporation (Nock). The imports, which will come through a credit of between six months and a year, are expected to ease a crisis in the foreign exchange market given that oil shipments account for 28 percent of Kenya's monthly imports. State officials were guarded on how the shipment will affect fuel prices in Kenya amid concerns that the longer credit line could wipe out the benefits of buying diesel and petrol in large quantities. Pump prices have remained unchanged since November, with a litre of super petrol retailing at Sh177.30 in Nairobi and diesel (Sh162 per litre), up from Sh106.99 and Sh96.40 respectively in February 2021. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.00	138.00	123.00	137.50
GBP/KES	148.46	161.46	147.66	162.36
EUR/KES	130.34	144.24	130.64	147.14
AED/KES	30.58	43.58	32.58	44.08

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	7.00%	1.25%
1 Month	7.00%	2.00%
3 Months	7.50%	2.50%
6 Months	8.00%	3.25%
1 year	8.50%	4.00%

(Source: Reuters)



INTERNATIONAL NEWS

The U.S. dollar fell across the board on Wednesday, weighed down by firmer commodity currencies that benefited from China's strong manufacturing activity data, as well as gains in the euro after German inflation soared last month and raised rate hike expectations in the euro zone. Along with the Australian and New Zealand dollars, China's yuan rose after data showed Chinese manufacturing activity expanded at its fastest pace in a decade, smashing expectations. The official manufacturing purchasing managers' index (PMI) shot up to 52.6 last month from 50.1 in January. Against a basket of currencies, the dollar index fell 0.5% to 104.42. The dollar index rose nearly 3% in February, its first monthly gain after a four-month losing streak, as a slew of strong U.S. economic data in recent weeks raised market expectations the Federal Reserve has further to go in hiking rates. Elsewhere, the dollar was flat against the Japanese yen at 136.20 yen, after the U.S. currency rose almost 5% in February, its largest monthly gain since June. Sterling traded little changed on the day at \$1.2016, after Bank of England Governor Andrew Bailey said it was possible the central bank had already come to the end of its rate-rising cycle.

In the commodities markets, Oil prices inched up on Thursday, extending gains from the previous two sessions on signs of a strong economic rebound in China, the world's top oil importer, though gains were capped by a rise in U.S. crude inventories and concerns over overall global demand. Brent futures rose 12 cents, or 0.1%, to \$84.43 a barrel at 0445 GMT, while U.S. West Texas Intermediate (WTI) crude futures were up 9 cents, or 0.1%, at \$77.78.

On the other hand, Gold prices hovered at an over one-week high on Thursday as weakness in the dollar benefited the yellow metal, while copper steadied after a strong rally this week on increasing optimism over a Chinese economic recovery. Spot gold steadied around \$1,837.38 an ounce, while gold futures were flat at \$1,843.75 an ounce by 19:22 ET (00:22 GMT). Both instruments rose about 0.6% and 0.4% respectively on Wednesday. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0440	1.0847
GBP/USD	1.1794	1.2196
USD/ZAR	16.1942	20.2089
USD/AED	3.6624	3.6824
USD/JPY	134.57	138.59