

GLOBAL MARKETS NEWSLETTER

Wednesday 20th September, 2023

Local Markets:

The Kenyan shilling weakened on Monday to an all-time low, undermined by increased demand for dollars from manufacturing and oil companies.

Top News

- Oil prices retreated further from 10-month highs on Wednesday ahead of the U.S. Federal Reserve's interest rate decision, with investors uncertain when peak rates will be hit and how much of an impact it will have on energy demand.
- Asia-Pacific markets fell across the board as China left its one-year and five-year loan prime rates unchanged and traders brace for the U.S. Federal Reserve's rate decision Wednesday stateside.

International Markets

USD: The dollar steadied near six-month highs as markets hunkered down before an interest rate decision from the Federal Reserve due later in the day. Markets were focused squarely on the conclusion of a two-day Fed meeting later in the day, where the central bank is widely expected to keep interest rates on hold.

GBP: UK CPI data released today is set to have a significant influence on the BoE interest rates path, eventually impacting GBP valuations. BoE is expected to follow the footsteps of the ECB and signal no more rate hikes this year after delivering a 25bps rate increase tomorrow. Markets price in a 75% chance of such a hike. Mounting stagflation risks and cooling labor market conditions could lead the BoE to convey a dovish message.

EUR: EUR extends losses by minuscule 0.01% vs USD as markets prepare for the Fed's decision. Greenback stages a comeback propelled by a jump in bond yields. EUR/USD is at 1.0677, following Tuesday's 0.12% loss. Recently, some ECB officials signaled they would not continue to tighten monetary conditions. Nevertheless, an ongoing economic deceleration in the bloc and a deposit rate at its highest level since the Euro's inception at 4.00% could bring inflation towards its target.

INR: INR sank to a new record low over USD/INR 83.00, before recovering some lost ground. The Rupee was hit hard by a recent spike in oil prices, given India's large reliance on crude imports. But rupee weakness is expected to attract more currency market intervention by the RBI. The pair could break the intraday high at 83.29, followed by the 83.50 psychological level.

Source: Reuters.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	146.00	150.80			
GBP/KES	181.00	187.10	GBP/USD	1.2344	1.2378
EUR/KES	155.50	161.60	EUR/USD	1.0681	1.0679
INR/KES		1.8150	AUD/USD	0.6452	0.6431
			USD/INR	83.2375	83.2990
			Commodities		
			Gold	1,951.15	1,952.15
			Brent Crude	89.66	95.00

T-Bills Rates:

Tenor	Current	Previous
91 Days	14.5151%	14.2337%
182 Days	14.4148%	14.3686%
364 Days	14.7282%	14.8603%

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Shiv Bhatt/Ryan Akalah, D/L 020-2223409/2213470 or general nos. 2228461/2

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibilities or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.