

GLOBAL MARKETS NEWSLETTER

Wednesday 20th September, 2023

Local Markets:

The Kenya shilling weakened on Wednesday, undermined by a general increase in demand for US Dollars from importers across all sectors.

Top News

- Crude oil prices have seen a significant drop, following the Fed's warning of a possible increase in U.S. interest rates. This news has led investors to secure their recent gains, despite an ongoing expectation of a limited supply that could potentially boost crude oil's future prospects.
- Asia-Pacific markets fell across the region after the U.S. Federal Reserve held its benchmark policy rate, but said it will raise interest rates one more time this year, according to the central bank's projections.

International Markets

USD: HSBC Global Research has recently indicated that Asian currencies may face a challenging period due to Fed hawkishness. The bank mentioned on Thursday that persistent risks in Asia show no signs of abating, and the region's economic climate continues to be uncertain. The DXY was last trading at 105.587, a 0.25% increase.

GBP: GBP/USD expands losses today, trading at around 1.2320 in early Asia. Fed hawkishness exerts downward pressure on the pair. The anticipation of an imminent halt in the BoE cycle of raising interest rates also continues to exert downward pressure on the GBP, causing the pair to decline.

EUR: EUR/USD continues the losing streak for the third day, at around 1.0640 in early Asia. As anticipated, the Fed opted to keep policy rates unchanged at 5.5% yesterday and projected an additional hike in 2023, reinforcing downward pressure on the pair. Moreover, in its monetary policy statement, the FOMC has revealed its expectation for slightly elevated inflation compared to its previous forecasts.

INR: INR opened slightly weaker against the USD, mirroring losses across Asian FX markets. As of 9:10 am, USD/INR stood at 83.12, a 0.05% decrease from its previous close of 83.08. In response to these developments, analysts are monitoring the RBI's potential actions. They predict a key level to watch within the range of 83.25-83.30 and anticipate significant potential for a downward reversal towards 82.80 and 82.50 in the near term.

Source: Reuters.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	146.20	150.80			
GBP/KES	180.30	186.40	GBP/USD	1.2300	1.2344
EUR/KES	155.50	160.90	EUR/USD	1.0595	1.0681
INR/KES		1.8200	AUD/USD	0.6350	0.6452
			USD/INR	82.5009	83.2375
			Commodities		
			Gold	1,947.95	1,951.15
			Brent Crude	92.87	89.66

T-Bills Rates:

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

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