

GLOBAL MARKETS NEWSLETTER

Wednesday 04th October, 2023

Local Markets:

The Kenyan shilling was stable on Tuesday as the market awaited a central bank decision on lending rates after the session.

Today's expected range is 147.30 – 153.05.

Top News

Oil prices edged lower on Wednesday ahead of a panel meeting of OPEC+ ministers, as the market weighed expectations of supply tightness against fears that high interest rates could reduce fuel demand.

Asia-Pacific markets were broadly weaker Wednesday, with Korean and Japanese stocks posting a more than 2% drop after the U.S. 10-year Treasury yield hit its highest level in 16 years.

International Markets

USD: The US dollar has surged to a 10-month peak, reaching a 107.16 level on the DXY, influenced by hawkish views from the Fed and 16-year high Treasury yields, as reported on Tuesday. This development comes as investors anticipate longer restrictive monetary policy due to broad economic resilience, further cementing the greenback's position in global currency markets.

GBP: GBP/USD struggles to register meaningful recovery, languishing near 1.2050 touched yesterday. Meanwhile, prolonged selloff in the US fixed-income market adds to concerns about economic headwinds stemming from rapidly rising borrowing costs. This, in turn, tempers investor appetite for riskier assets and turns out to be another factor benefiting the USD. Furthermore, BoE's surprise on-hold decision in September continues to weigh on the GBP and contributes to capping the pair.

EUR: EUR/USD remains defensive above the mid 1.0400s in early Europe. The major pair bounces off the YTD low of 1.0448 and currently trades near 1.0467, up 0.01% on the day. Market players await the Eurozone Producer Price Index and Retail Sales for fresh impetus. ECB's Christine Lagarde's speech on Wednesday will be in the spotlight. Annual Eurozone Retail Sales for August is expected to drop 1.2% from the previous reading of a 1% fall.

INR: The Indian rupee weakened on Tuesday, moving from its Friday close of 83.04 to 83.21 against USD, according to Bloomberg. This shift is largely attributed to the Fed's hawkish outlook that has led to an increase in Treasury yields and a strengthening of the greenback. **Source: Reuters.**

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	147.30	153.05			
GBP/KES	178.03	185.40	GBP/USD	1.2078	1.2062
EUR/KES	154.30	160.80	EUR/USD	1.0468	1.0462
INR/KES		1.8500	AUD/USD	0.6311	0.6306
			USD/INR	83.2360	83.1980
			Commodities		
			Gold	1835.65	1835.65
			Brent Crude	89.65	89.65

T-Bills Rates:

Tenor	Current	Previous
91 Days	14.8206%	14.7866%
182 Days	14.9499%	14.9399%
364 Days	15.0544%	15.2214%

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