

GLOBAL MARKETS NEWSLETTER

Friday 13th October, 2023

Local Markets:

The Kenyan shilling fell against the dollar on Thursday, as foreign currency inflows failed to meet demand even though it was less than usual.

Today's expected range is 148.00 – 154.80.

Top News

Oil prices rose on Friday after the U.S. tightened its sanctions programme against Russian crude exports, raising supply concerns in an already tight market, and global inventories are forecast to decline through the fourth quarter.

Asia-Pacific markets: Hong Kong stocks fall more than 2%, leading losses in the wider Asia-Pacific markets fell as investors digest China's inflation and trade data for September.

International Markets

USD: The dollar rose sharply on Thursday after U.S. consumer prices rose more than expected in September, lifted by an elevated cost of rent that raised the prospect of the Fed keeping interest rates high for some time. DXY jumped 0.85% to 106.550 in its biggest single-day gain since March 15, and more than 1% against GBP, AUD and NZD.

GBP: GBP/USD has plunged 1.2% from Thursday's peaks, dropping into 1.2180 after US CPI reading broadly beat market expectations. Investors are concerned the Fed will get into a high-for-longer rate hike cycle. The CPI reading has sent investor sentiment into the floorboards, dragging risk assets down as traders brace for possible further Fed rate hikes. With US inflation continuing to beat market estimates and investors vexed by CPI growth that refuses to decline quickly, fears re-emerge that the Fed's "dot plot", or expectations of when rates will finally begin to see cuts, will get pushed even further over the horizon.

EUR: EUR/USD finds support around 1.0525-1.0520, and ticks higher in Asia. Spot prices currently trade around 1.0535-1.0540, up just over 0.10% for the day, and for now, seems to have stalled the overnight sharp retracement slide from a nearly 3-week high. The pair on Thursday registered its worst single-day drop since early October after US consumer inflation figures revived bets for one more hike by the Fed in 2023 and revived USD demand.

INR: India's retail inflation has dropped to a 3-month low of 5.02% in September, influenced heavily by declining food prices, according to recently released government data. This downturn brings inflation back within the RBI's desired sub-6% threshold, after exceeding it for two consecutive months with CPI-based inflation readings of 6.83% and 7.44% for August and July.

Source: Reuters.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	148.00	154.80			
GBP/KES	180.62	188.00	GBP/USD	1.2204	1.2350
EUR/KES	156.08	163.31	EUR/USD	1.0546	1.0680
INR/KES		1.8650	AUD/USD	0.6318	0.6450
			USD/INR	83.2350	82.9500
			Commodities		
			Gold	1,888.85	1,879.15
			Brent Crude	86.86	85.31

T-Bills Rates:

Tenor	Current	Previous
91 Days	14.9604%	14.8734%
182 Days	15.0231%	14.9778%
364 Days	15.3368%	15.1867%

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