

GLOBAL MARKETS NEWSLETTER

Thursday 19th October, 2023

Local Markets:

The Kenyan shilling inched lower on Wednesday, as foreign currency inflows from diaspora remittances failed to meet importers' demand.

Today's expected range is 148.90 – 155.50.

Top News

Oil prices fell on Thursday, reversing previous session gains, after OPEC showed no signs of supporting Iran's call for an oil embargo on Israel and as the US plans to ease Venezuela sanctions to allow more oil to flow globally.

Asia-Pacific markets saw a wide sell off, with South Korea and Hong Kong markets seeing losses of about 2% each. This also mirrors moves on Wall Street overnight as U.S. Treasury yields jumped to multiyear highs, with the 10-year Treasury yield breaking above 4.9% for the first time since 2007.

International Markets

USD: Most Asian currencies were muted on Thursday, nursing steep overnight losses as the dollar firmed tracking a spike in Treasury yields before a closely watched address by Fed Chair Jerome Powell. Focus is now squarely on his speech at the Economic Club of New York later today. Given the recent rise in inflation, Powell is widely expected to reiterate his stance on higher-for-longer rates.

GBP: GBP/USD remains under selling pressure below mid-1.2100s. A rise in the US T-bond yields, uncertainty over the next policy move by the BoE, and escalating tension between Israel and Hamas boost USD demand and exert selling pressure on Cable. The major currently trades near 1.2123, losing 0.14% on the day. The latest UK inflation showed headline CPI remained steady at 6.7% in September against expectations for a modest dip to 6.6%, riving bets for a potential BoE rate hike in November.

EUR: EUR/USD struggles to gain meaningful traction, oscillating narrowly below mid-1.0500s. Growing acceptance that the Fed will hold rates higher for longer push 10-year yields to a fresh 16-year peak. This, along with the risk of an escalation in war between Hamas and Israel, continues to underpin the USD. Apart from this, speculations that further rate hikes by the ECB may be off the table validate the negative outlook for the EUR/USD pair.

INR: The Indian rupee closed unchanged on Wednesday as likely dollar sales by the RBI kept the local unit off its record low, offsetting pressure from higher crude oil prices and equity-related outflows. The rupee ended steady at 83.2575 against the U.S. dollar after moving in a narrow 83.23 to 83.27 range.

Source: Reuters.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	148.90	155.50			
GBP/KES	180.46	188.90	GBP/USD	1.2120	1.2156
EUR/KES	156.77	164.20	EUR/USD	1.0529	1.0540
INR/KES		1.8700	AUD/USD	0.6299	0.6339
			USD/INR	83.2625	83.0000
			Commodities		
			Gold	1959.65	1930.40
			Brent Crude	91.25	89.51

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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