

GLOBAL MARKETS NEWSLETTER

Wednesday 01st November, 2023

Local Markets:

The Kenyan shilling weakened on Tuesday on the back of end-month demand for dollars from fuel retailing companies.

Today's expected range is 149.60 – 156.90.

Top News

Oil Oil prices edged up in early Asia ahead of key global central bank meetings, as markets also closely watched the Israel-Hamas conflict. Brent January crude futures rose 28 cents, to \$85.30/barrel by 0330 GMT, after falling more than 1% on Tuesday. Brent December futures settled 4 cents lower at \$87.41 a barrel at the contract's expiry on Tuesday.

Asia-Pacific markets: Japan stocks trimmed losses after the BoJ monetary policy decision, while other Asia-Pacific markets fell as manufacturing activity unexpectedly contracted in China.

International Markets

USD: Most Asian currencies retreated on Wednesday, while the dollar sat on strong gains as markets hunkered down before the conclusion of a Fed meeting later today. DXY and DXY futures rose slightly in Asian trade after a strong overnight rally against a weaker yen. While the central bank is expected to hold rates, it is also set to reiterate its higher-for-longer stance.

GBP: GBP/USD remains defensive in Asia, facing rejection near 1.2200. Market players await FOMC's meeting ahead of the BoE tomorrow. GBP/USD currently trades near 1.2139. The BoE is expected to keep rates steady at 5.25% amid growing worries about a UK recession. Following the meeting, Governor Bailey might offer some hints about the latest forecasts for the UK economy and the future of monetary policy.

EUR: EUR/USD consolidates ahead of the FOMC decision, expected to maintain the rate at 5.5%. The pair trades near 1.0570 in Asia. A notable deceleration in consumer prices aligns with market expectations that the ECB is unlikely to pursue further interest rate hikes. Additionally, the looming risks of a recession may undermine the pair.

INR: INR ticks lower today on the renewed USD demand. That said, the higher-for-longer US rates narrative has lifted US bond yields to multi-year highs, a tailwind for the pair. Elevated geopolitical risks in the Middle East might also lead to higher oil prices and impact Indian importers. Nonetheless, RBI Governor Shaktikanta Das said Tuesday India's growth momentum remains robust and FY2024 Q2 GDP is expected to surprise on the upside.

Source: Reuters.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|----------|----------|
| USD/KES | 149.60 | 156.90 | | | |
| GBP/KES | 181.80 | 190.90 | GBP/USD | 1.2140 | 1.2148 |
| EUR/KES | 158.20 | 166.40 | EUR/USD | 1.0569 | 1.0603 |
| INR/KES | | 1.8870 | AUD/USD | 0.6336 | 0.6353 |
| | | | USD/INR | 83.2760 | 83.2675 |
| | | | Commodities | | |
| | | | Gold | 1,988.70 | 2,002.90 |
| | | | Brent Crude | 85.19 | 86.83 |

T-Bills Rates:

| Tenor | Current | Previous |
|----------|----------|----------|
| 91 Days | 15.1112% | 15.0458% |
| 182 Days | 15.1289% | 15.0763% |
| 364 Days | 15.3867% | 15.3405% |
| | | |

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