

GLOBAL MARKETS NEWSLETTER

Thursday 02nd November, 2023

Local Markets:

The Kenyan shilling traded weaker on Wednesday due to inadequate dollar supplies to meet importer and manufacturer demand.

Today's expected range is 149.70 – 157.00.

Top News

Oil gained more than 1% on Thursday to snap its three-day decline, as risk appetite returned to financial markets after the Fed kept rates on hold. Oil's rally comes along with gains across financial assets.

Asia-Pacific markets: Post-pandemic revenge travel may be over for many countries, but has not dwindled for travelers from India. Indian travelers are expected to embark on 5 billion more trips by 2030, and spending on travel and tourism is predicted to hit \$410 billion by then, a >170% surge from 2019's \$150 billion.

International Markets

USD: Most Asian currencies strengthened on Thursday, while the dollar fell sharply after the Fed's mixed signals ramped up bets that the bank will not raise interest rates further. While the Fed left rates unchanged, as expected, Chair Powell struck a less hawkish tone than markets expected, acknowledging that monetary conditions had tightened substantially in recent months. DXY and DXY futures fell 0.5% in Asia, extending O/N losses as traders ramped up bets that the Fed was done raising rates.

GBP: GBP/USD edges higher in Asia. The pair's uptick is supported by USD weakening after the Fed maintained the interest rate steady, while odds that it may not hike rates again rose after the press conference. Cable spots at around 1.2184, gaining 0.28% on the day. A generally positive tone around equity markets turns out to be another factor undermining the USD, lending support to GBP/USD. It however remains to be seen if bulls are able to capitalize on the move up or opt to wait on the sidelines as the focus shifts to BoE's policy meeting today.

EUR: EUR/USD surges above 1.0580 in Asia. The weaker USD lends some support to the pair. EUR/USD currently trades around 1.0597, up 0.26% on the day. The European Central Bank held interest rates unchanged last week and is expected to start cutting interest rates in Q2 2024. Disinflationary pressures reflected sluggish GDP growth, while PMIs also pointed to heightened recession risk.

INR: INR posts modest gains today on lower US bond yields and USD correction, but remains sensitive to risk sentiment and global factors. Escalating tension in the Middle East and higher crude oil prices might contribute to the risk-off environment and cap the upside of the INR. Investors will monitor the US weekly Initial Jobless Claims for the week ending October 27 on Thursday. US NFPs will be in the spotlight on Friday. **Source: Reuters.**

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	149.70	157.00			
GBP/KES	182.60	191.90	GBP/USD	1.2182	1.2140
EUR/KES	158.60	166.90	EUR/USD	1.0600	1.0569
INR/KES		1.8870	AUD/USD	0.6422	0.6336
			USD/INR	83.2650	83.2760
			Commodities		
			Gold	1,993.10	1,988.70
			Brent Crude	85.45	85.19

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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