

# GLOBAL MARKETS NEWSLETTER

Thursday 16th November 2023

## Local Markets:

The Kenyan shilling weakened on Wednesday, hurt by higher demand for dollars from suppliers in various sectors, amid low hard currency inflows.

Today's expected range is 150.90 – 158.10.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	150.90	158.10			
<b>GBP/KES</b>	188.67	195.86	<b>GBP/USD</b>	1.2392	1.2492
<b>EUR/KES</b>	164.98	171.27	<b>EUR/USD</b>	1.0836	1.0879
<b>INR/KES</b>		1.9000	<b>AUD/USD</b>	0.6470	0.6501
			<b>USD/INR</b>	83.2180	83.0850
			<b>Commodities</b>		
			<b>Gold</b>	1,965.70	1,973.95
			<b>Brent Crude</b>	80.48	82.93

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	15.2867%	15.19%	
<b>182 Days</b>	15.4057%	15.27%	
<b>364 Days</b>	15.6151%	15.44%	
<b>KES INFLATION</b>	6.90%	6.80%	30 <sup>th</sup> Nov, 23
<b>KES CBR</b>	10.50%	10.50%	03 <sup>rd</sup> Oct, 23
<b>FED RATE</b>	5.50%	5.50%	13 <sup>th</sup> Dec, 23
<b>ECB RATE</b>	4.50%	4.50%	14 <sup>th</sup> Dec, 23
<b>BOE RATE</b>	5.25%	5.25%	14 <sup>th</sup> Dec, 23
<b>RBI RATE</b>	6.50%	6.50%	13 <sup>th</sup> Dec, 23

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Shiv Bhatt/Ryan Akalah,  
Direct Lines: +254 111 030 600/626/680/681,

## Top News

**Oil** prices fell on Thursday, extending losses from the previous session, as signals of higher supply from the US met worries about lackluster energy demand from China. Brent futures slipped 72 cents to \$80.46/barrel by 0400 GMT. U.S. WTI shed 67 cents to \$75.99/barrel.

**Asia-Pacific markets:** Hong Kong stocks led Asia-Pacific markets higher on Wednesday after upbeat economic data from China. A soft U.S. inflation reading also boosted hopes of the Federal Reserve nearing the end of its interest rate-hiking cycle.

## International Markets

**USD:** Most Asian currencies weakened on Thursday, tracking dollar recovery as stronger-than-expected U.S. retail sales data brewed some uncertainty over the path of interest rates. Mixed signals from high-level U.S.-China talks also dented sentiment. While Presidents Xi and Biden flagged more communication between the two countries after a meeting on Wednesday, a comment from Biden- that Xi is a "dictator," seemed to have irked Chinese authorities. DXY and DXY futures rose 0.1% on Thursday after adding 0.4% yesterday.

**GBP:** GBP/USD pares back after a touch of 1.2500, testing back the 1.2400 region after a broad miss for UK data and mixed US figures. UK Core CPI for the year into October printed at 5.7%, down from the expected 5.8% and slipping further away from last month's 6.1%. UK RPI for the same period also slipped past expectations, to 6.1% vs. expected 6.4% and seeing a slide from the previous 8.9%.

**EUR:** EUR/USD loses traction in early Asia. Renewed USD demand weighs on EUR/USD. Meanwhile, The major pair currently trades near 1.0835, losing 0.06% on the day. Eurozone Industrial Production for September declined 1.1% MoM vs. 0.6% rise prior. The figure fell 6.9% YOY from the 5.1% decline in the previous reading. This, in turn, exert some selling pressure on EUR/USD.

**INR:** INR trades soft on Thursday amid renewed USD demand. Nonetheless, markets anticipate that the US interest rate may have peaked and the Fed will ease policy rates next year. The possibility of a Fed rate cut in the middle of 2024 could drag the US bond yields lower, which benefits the INR. The RBI could maintain its policy stance in its Dec meeting after October's inflation came within its 2-6% target for the second consecutive month. **Source: Reuters.**

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