

GLOBAL MARKETS NEWSLETTER

Tuesday 21st November, 2023

Local Markets:

The Kenyan shilling weakened on Monday, as foreign currency inflows from the tourism and aid sectors failed to mop up demand from the energy and manufacturing sectors.

Today's expected range is 151.20 – 158.10.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	151.20	158.10			
GBP/KES	188.90	198.60	GBP/USD	1.2535	1.2486
EUR/KES	164.90	173.80	EUR/USD	1.0961	1.0925
INR/KES		1.9050	AUD/USD	0.6582	0.6548
			USD/INR	83.3400	83.2710
			Commodities		
			Gold	1,992.65	1,981.60
			Brent Crude	81.76	81.27

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	15.3632%	15.2867%	-
182 Days	15.4281%	15.4057%	-
364 Days	15.6385%	15.6151%	-
KES INFLATION	6.90%	6.80%	30 th Nov, 23
KES CBR	10.50%	10.50%	
FED RATE	5.50%	5.50%	13 th Dec, 23
ECB RATE	4.50%	4.50%	14 th Dec, 23
BOE RATE	5.25%	5.25%	14 th Dec, 23
RBI RATE	6.50%	6.50%	13 th Dec, 23

Top News

Oil futures fell on Tuesday, reversing yesterday's rally, as concerns over weaker demand amid a slowing global economy outweighed the prospect of deepening supply cuts by OPEC and its allies such as Russia. Brent crude futures fell 36 cents, to \$81.96/barrel while U.S. WTI crude was at \$77.50 a barrel, down 33 cents.

Asia-Pacific markets were mostly higher on Monday after most major bourses ended lower in the previous session, while China left its benchmark lending rates unchanged.

International Markets

USD: Most Asian currencies rose sharply on Tuesday as easing concerns over higher U.S. rates spurred heavy losses in the dollar, with focus now turning to the Fed's October meeting minutes. Optimism over China also aided sentiment, as local media reports suggested the government was planning to roll out more supportive measures for the beleaguered property sector. DXY and DXY futures fell 0.2% each in Asia, extending a rash of recent losses as traders grew more convinced that the Fed was done raising rates.

GBP: Cable continues to trade higher for the third consecutive session, reinforced by Governor Bailey's speech at the Henry Plumb Memorial Lecture on Monday. The pair trades around 1.2530 in Asia, nearing 11-week highs. Governor Bailey remarked that while inflation has exceeded the main targets, signs emerge that runaway prices, particularly in the food sector, are starting to stabilize.

EUR: EUR/USD trades in positive territory for the fourth day in early Europe. The weaker US dollar and lower US bond yields support the pair. Investors will take more cues from the FOMC meeting minutes today, which could potentially provide insights into the trajectory of future policy rates. There isn't any relevant market-moving macro data due for release from the Eurozone today, leaving the pair at the mercy of the USD price dynamics.

INR: INR recovers some lost ground on Tuesday on the decline of the US Dollar Index to the lowest level since late August. On Monday, INR ended lower, matching its record closing low of 83.34 as USD decline offset the impact of higher crude oil prices. According to S&P Global Ratings, India would be somewhat less influenced by global uncertainties owing to the country's domestic orientation. Nonetheless, renewed USD demand from state and foreign banks and foreign funds outflows might exert selling pressure on the INR in the near term. **Source: Reuters.**

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

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