

GLOBAL MARKETS NEWSLETTER

Wednesday 22nd November, 2023

Local Markets:

The Kenyan shilling weakened against the US Dollar on Tuesday, matching a record low reached last week, according to data from the London Stock Exchange Group (LSEG).

Today's expected range is 151.40 – 158.10.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	151.40	158.10			
GBP/KES	189.96	198.50	GBP/USD	1.2529	1.2535
EUR/KES	165.22	172.90	EUR/USD	1.0906	1.0961
INR/KES		1.9050	AUD/USD	0.6547	0.6582
			USD/INR	83.2680	83.3400
			Commodities		
			Gold	1,999.90	1,992.65
			Brent Crude	82.42	81.76

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 prices moved little in Asia after industry data pointed to a substantial build in U.S. inventories, while traders continued to hold out for more supply cuts by OPEC. Brent oil futures were flat at \$82.49/barrel, while WTI crude futures steadied at \$77.71/barrel. Both contracts settled flat on Tuesday.

Asia-Pacific stock markets ended Tuesday with mixed results, as gains in some regions were offset by declines in China and Japan. The Shanghai Composite and Japan's Nikkei both fell for the second consecutive session, with the Nikkei closing down 0.1% at 33,354.14. Hong Kong's Hang Seng also saw a decline, dropping 0.2% to end at 17,733.89.

International Markets

USD: Most Asian currencies moved little on Wednesday, while the dollar stemmed recent declines after the minutes of the Fed's late-October meeting reiterated the bank's outlook on higher-for-longer interest rates. DXY and DXY futures were flat in Asian trade on Wednesday, steadying after sinking to near 3-month lows earlier in the week. Growing expectations of no more Fed rate hikes hit the greenback with a wave of selling.

GBP: GBP/USD trades with a positive bias for the fourth day hovering around 1.2535-1.2540 in Asia, drawing support from overnight hawkish remarks by BoE officials, which, along with subdued USD price action, is a tailwind for the pair. Speaking at a Treasury Select Committee hearing on Tuesday, Governor Bailey warned that investors were putting too much weight on the recent data and underestimate the persistence of UK inflation. Bailey stressed the BoE would keep rates high for an extended period, downplaying speculations that the bank will start policy easing by June 2024.

EUR: EUR/USD attempts to recover its losses recorded yesterday, trading slightly higher around 1.0910 in Asia. ECB President Lagarde's hawkish statements overnight provide support for the pair. Lagarde stated at a Berlin event that it is too early to declare victory over inflation and that bets based on short-term data flow are premature.

INR: INR is likely to open nearly flat on Wednesday in the wake of weakness in Asian peers and Fed minutes that had little impact on interest rate expectations. NDFs indicate INR will open at around 83.32-83.35 to the dollar compared with 83.3550 yesterday, a record closing low. The rally in Asian currencies took a breather and the dollar index managed a bit of a recovery. *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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