

GLOBAL MARKETS NEWSLETTER

Friday 01st December, 2023

Local Markets:

The Kenyan shilling was unchanged on Thursday in a thin trading session.

Today's expected range is 151.90 – 158.50.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	151.90	158.70			
GBP/KES	193.30	202.10	GBP/USD	1.2644	1.2697
EUR/KES	165.90	174.60	EUR/USD	1.0909	1.0967
INR/KES		1.9075	AUD/USD	0.6610	0.6639
			USD/INR	83.3200	83.3550
			Commodities		
			Gold	2,041.30	2,046.15
			Brent Crude	80.72	81.46

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	15.5293%	15.4426%	-
182 Days	15.5504%	15.4445%	-
364 Days	15.7266%	15.5828%	-
KES INFLATION	6.92%	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 extended losses on Friday, and looked set for a sixth straight week of declines, as voluntary oil output cuts agreed by OPEC+ producers fell short of market expectations. Brent crude futures for February fell to \$80.47/barrel. U.S. WTI crude futures fell to \$75.73/barrel.

Asia-Pacific markets were trading lower on Wednesday, led by Hong Kong markets, while China's benchmark index closed at its lowest level in over a month as investors assessed earnings and comments from the U.S. Federal Reserve board members.

International Markets

USD: Most Asian currencies kept to a tight range on Friday, while the dollar rebounded from 3-½ month lows in anticipation of more interest rates cues from Fed Chair Jerome Powell. Markets now seek more cues on the timing of the expected rate cuts. DXY and DXY futures fell slightly in Asian trade, after surging 0.7% on Thursday.

GBP: GBP/USD recovers its losses registered yesterday, trading higher around 1.2650 in Asia. The pair strengthened on weaker USD demand amid downbeat US Treasury yields. BoE officials have also been sending hawkish signals throughout the week, providing a boost to the Sterling Pound. There is an estimate that the BoE will maintain higher interest rates for an extended period, especially considering that inflation is currently more than twice the bank's target.

EUR: EUR/USD finds support near 1.0880 and then rebounds above 1.0900 in early Europe. The pair's recovery is bolstered by the softer USD despite Eurozone inflation coming in worse than market expectations. The major currently trades around 1.0907. The Harmonized Index of Consumer Prices (HICP), which measures Eurozone inflation, has raised expectations among investors that the ECB might start cutting its deposit rate as early as next April. Nonetheless, ECB's Lagarde emphasized this week that now is not the time to declare victory since wage pressures remain high.

INR: INR gathers strength today, bolstered by the stronger-than-expected India's growth number. The country's GDP expanded 7.6% in the September quarter of this fiscal year and remained the fastest-growing major economy. India's economic expansion was boosted by government spending and robust manufacturing, mining, and construction sectors, better than the projections of 6.5% by the RBI. Inflation fell to a 4-month low of 4.87% in October, and is expected to remain above the RBI's 4% target for the next two years.

Source: Reuters.

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

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibility or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.