

GLOBAL MARKETS NEWSLETTER

Tuesday 05th December, 2023

Local Markets:

The Kenyan shilling slid to an all-time low against the dollar on Monday, amid a foreign exchange crunch.

Today's expected range is 152.20 – 158.60.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	152.20	158.60			
GBP/KES	192.58	201.00	GBP/USD	1.2636	1.2674
EUR/KES	165.07	172.50	EUR/USD	1.0840	1.0868
INR/KES		1.9069	AUD/USD	0.6581	0.6655
			USD/INR	83.3810	83.3270
			Commodities		
			Gold	2,050.60	2,106.60
			Brent Crude	78.16	78.35

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	6.80%	6.92%	30 th Dec, 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 were little changed on Tuesday amid uncertainty over voluntary output cuts by OPEC+, continued tension in the Middle East and weak economic data from the U.S. Brent crude futures ticked down to \$78.02/barrel, while U.S. WTI crude futures were up 5 cents at \$73.09/barrel.

Asia-Pacific markets fell across the board as investors assessed a slew of economic data from across the region. Caixin and S&P Global also released China's service purchasing managers' index today, which hit a three-month high, while private PMI readings will also be out from Hong Kong and India.

International Markets

USD: Most Asian currencies weakened on Tuesday tracking a string of middling economic readings from the region, with AUD falling sharply after the Reserve Bank kept rates unchanged and offered scant cues on monetary policy. The dollar index and dollar index futures were flat in Asian trade after jumping nearly 0.6% overnight.

GBP: GBP/USD edges higher in Asia on Tuesday and looks to build on the overnight bounce from 1.2600, representing the lower boundary of a week-old trading range. Spot currently hovers around 1.2630-1.2635, drawing support from several factors. USD struggles to capitalize on yesterday's strong move up to over a week's top amid expectations that the Fed will not hike rates again and may start easing policy as early as March 2024. This triggers a fresh leg down in US bond yields and keeps USD bulls defensive, which, in turn, is a key tailwind for GBP/USD.

EUR: EUR/USD snaps the 4-day losing streaks in Asia. The major pair currently trades around 1.0840, gaining 0.05% for the day. Traders will keep an eye on the ISM Services PMI and JOLTS Job Openings data on Tuesday. Later this week, Wednesday's Automatic Data Processing (ADP) will be released. Attention will shift to Friday's Nonfarm Payroll (NFP) report, estimated to create 180K jobs in the US economy.

INR: INR trades stronger on Tuesday on the decline in oil prices and lower US Treasury bond yields. Prime Minister Modi's Bharatiya Janata Party won elections in three of the five Indian states that had recently gone to the polls. That said, election results will likely be positive for equities inflows, alleviating some pressure on INR devaluation in the near term. The RBI is expected to announce a continuation of its pause on the interest rate at 6.50% and maintain a hawkish stance on Friday. **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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