

GLOBAL MARKETS NEWSLETTER

Wednesday 07th December, 2023

Local Markets:

The Kenyan shilling was slightly stronger against the US dollar on Wednesday, after a big interest rate hike by the Central Bank a day earlier.

Today's expected range is 152.25 – 158.60.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------|--------|---------|-------------|----------|----------|
| USD/KES | 152.25 | 158.60 | | | |
| GBP/KES | 191.15 | 199.50 | GBP/USD | 1.2547 | 1.2609 |
| EUR/KES | 163.77 | 171.30 | EUR/USD | 1.0759 | 1.0797 |
| INR/KES | | 1.9071 | AUD/USD | 0.6535 | 0.6587 |
| | | | USD/INR | 83.3750 | 83.3600 |
| | | | Commodities | | |
| | | | Gold | 2,043.45 | 2,041.20 |
| | | | Brent Crude | 74.60 | 77.15 |

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 | 12.50% | 10.50% | 16 th Jan, 24 |
| 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% | 07 th Dec, 23 |

Top News

Oil prices reclaimed some ground on Thursday after tumbling to a 6-month-low yesterday, but investors remained concerned about sluggish demand and economic slowdowns in the U.S. and China. Brent crude futures rose to \$74.68/barrel. U.S. WTI crude futures rose to \$69.80 a barrel.

Asia-Pacific markets rebounded across the region, led by Japan's markets and following a broad sell-off on Tuesday. Investors assessed Australia's Q3 GDP numbers, as well as the Reuters Tankan survey for Japan in December, which showed improving business sentiment among large Japanese manufacturers.

International Markets

USD: Most Asian currencies moved little on Thursday as markets remained on edge before key U.S. labor data, while the yen appreciated as BoJ Governor Kazuo Ueda offered more cues on a potential pivot away from the bank's ultra-dovish stance. DXY and DXY futures moved little in Asian trade but held above 104 after rebounding over the past week.

GBP: GBP/USD extends its downside above the mid-1.2500s in early Asia. The pair's downtick is backed by the broadly firmer USD. In the absence of UK economic data, GBP/USD. Gov. Bailey stated that the overall risk environment was challenging due to China's economic difficulties, the potentially broader conflict in the Middle East, and elevated levels of public debt. This, in turn, might weigh on the GBP and be a headwind for the GBP/USD.

EUR: EUR/USD posts modest gains in early Asia. However, the pair's upside might be capped on renewed USD demand and weaker-than-expected Eurozone data. The pair currently trades around 1.0770, gaining 0.08% on the day. Downbeat Eurozone Retail Sales exerts selling pressure on EUR. The figure rose 0.1% MoM in October versus -0.1% in September, below 0.2% per market consensus. High interest rates, weak consumer confidence, and fading optimism about the labor market are all combined to dampen private consumption growth.

INR: INR continues to trade on a negative note on Thursday amid renewed USD demand. Governor Shaktikanta Das will announce the MPC decision on Friday. Markets widely anticipate that RBI will maintain the interest rate unchanged at 6.50% for the fifth consecutive policy meeting. Elevated inflation above the 4% target, crude oil price volatility, and El Nino and agricultural output concerns will keep the central bank on hold. *Source: Reuters.*

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