

# GLOBAL MARKETS NEWSLETTER

Friday 08th December, 2023

## Local Markets:

The Kenyan shilling was flat against the dollar on Thursday, as foreign currency inflows from tourism propped up the local unit in a quiet session.

Today's expected range is 152.30 – 158.60.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	152.30	158.60			
GBP/KES	191.98	200.20	GBP/USD	1.2591	1.2547
EUR/KES	164.33	171.60	EUR/USD	1.0787	1.0759
INR/KES		1.9074	AUD/USD	0.6615	0.6535
			USD/INR	83.3700	83.3750
			Commodities		
			Gold	2,046.35	2,043.45
			Brent Crude	75.53	74.60

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	15.6348%	15.5293%	-
182 Days	15.7487%	15.5504%	-
364 Days	15.7947%	15.7266%	-
KES INFLATION	6.80%	6.92%	30 <sup>th</sup> Dec, 23
KES CBR	12.50%	10.50%	16 <sup>th</sup> Jan, 24
FED RATE	5.50%	5.50%	13 <sup>th</sup> Dec, 23
ECB RATE	4.50%	4.50%	14 <sup>th</sup> Dec, 23
BOE RATE	5.25%	5.25%	14 <sup>th</sup> Dec, 23
RBI RATE	6.50%	6.50%	07 <sup>th</sup> Dec, 23

## Top News

**Oil** Oil benchmarks were headed for a 7<sup>th</sup> straight weekly decline on worries over a global supply surplus and weak Chinese demand, although prices recovered ground on Friday after Saudi Arabia and Russia called for more OPEC+ members to join output cuts. Brent crude futures rose \$1.29, to \$75.34/barrel, while U.S. WTI crude futures gained \$1.11, to \$70.45/barrel.

**Asia-Pacific** markets slumped across the board, mirroring moves on Wall Street as investors assessed trade data from China and Australia.

## International Markets

**USD:** The dollar dipped in European trade on Thursday, as markets remained on edge before key U.S. labor data, DXY traded 0.2% lower at 103.94. The closely watched NFPs are expected to provide definitive clues about the jobs picture in the US and will likely factor into the trajectory of the dollar for the remainder of the year.

**GBP:** GBP/USD consolidates narrowly at 1.2583–1.2600 in early Asia. Traders prefer to wait on the sidelines ahead of the highly anticipated US NFPs. BoE is likely to keep the interest rate at 5.25% next week and through Q2 2024. Markets have fully priced in a 25bps cut by BoE in June 2024, followed by another in September. However, Governor Bailey said rates would need to remain higher for longer, and we're not currently in a position to discuss rate cuts.

**EUR:** EUR/USD meanders in the 1.07s in the run-up to the NFP showdown. US employment data will determine the next directional bias for the pair. Eurozone prospects remain gloomy, and markets believe the ECB will front-run the Fed for rate cuts, which weigh EUR. The Eurozone economy unexpectedly slowed in Q3 2023. GDP came in at 0% YoY versus 0.1% prior. QoQ, the growth number contracted 0.1, in line with the market forecast. NFPs are expected to increase by 180K, and Unemployment is forecast to remain steady at 3.9%. Traders will take cues from these figures and find trading opportunities around EUR/USD.

**INR:** INR trades softer as investors turn cautious. Nonetheless, the decline in crude oil prices and foreign inflows might limit the INR's downside. The RBI MPC decided to maintain the status quo on Friday, keeping the repo rate unchanged at 6.5%. Investors will shift their attention to the US employment data, including NFPs and the Unemployment. Meanwhile, USD demand and risk aversion in global markets might lift USD/INR in the near term.

Source: Reuters.

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