

# GLOBAL MARKETS NEWSLETTER

Monday 11th December, 2023

## Local Markets:

The Kenyan shilling was stable against the dollar on Friday, buoyed by the Central Bank's policy rate hike earlier last week.

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	1.2539	1.2591
EUR/KES	164.33	171.60	EUR/USD	1.0764	1.0787
INR/KES		1.9074	AUD/USD	0.6555	0.6615
			USD/INR	83.3905	83.3700
			Commodities		
			Gold	2,015.30	2,046.35
			Brent Crude	76.43	75.53

## 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** prices rose on Monday, extending gains for a second session as U.S. efforts to replenish strategic reserves provided some support, although concerns of crude oversupply and softer fuel demand growth next year persisted. Brent crude futures rose 0.6%, to \$76.32/barrel, while U.S. WTI crude futures were at \$71.61/barrel.

**Asia-Pacific markets:** Philippine President Ferdinand Marcos Jr. has vowed to step up the country's defense of its maritime zones in the South China Sea after Filipino and Chinese vessels collided over the weekend. "We remain undeterred," Marcos said in a post on X, formerly Twitter.

## International Markets

**USD:** Most Asian currencies fell on Monday, with CNY among the worst performers after data pointed to sustained deflation in China, while USD steadied in anticipation of a Fed meeting, and strengthened on Friday after stronger-than-expected NFPs, which dented expectations for an early Fed rate cut. The central bank is widely expected to keep rates on hold this week, although its signals for 2024 will be in close focus. DXY and DXY futures both rose slightly in Asian trade, after marking some gains on Friday.

**GBP/USD** holds positive ground in early Asia, recovering some lost ground currently trading around 1.2551. US NFPs came in better than expected. Traders await the FOMC and BoE meeting this week and these could trigger market volatility. Governor Bailey said last month it was far too early to be thinking about rate cuts while warning there was "no room for complacency" on inflation despite a fall in the CPI from 6.7% in September to 4.6% in October. BoE is likely to keep borrowing costs at a 15-year high at its Thursday meeting.

**EUR/USD** rebounds from its 3-week low of 1.0723, on Friday, trading at around 1.0760 in Asia. However, USD received upward momentum after the release of stronger US economic data. Market anticipation suggests the ECB will maintain the Main Refinancing Operations Rate at 4.5% on Thursday.

**INR** kicks off the week positive on Monday as traders await the key US event. On Friday, RBI's MPC kept rates unchanged at 6.50% while raising its growth forecast for the current fiscal year to 7% from 6.5% earlier. RBI's Das said easing inflation across all components of retail inflation is one of the reasons behind the MPC's decision to maintain the 6.50%. He further stated that the near-term picture is clouded by risks to food inflation, which might lead to higher inflation in November and possibly December. **Source: Reuters.**

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