

GLOBAL MARKETS NEWSLETTER

Wednesday 13th December, 2023

Local Markets:

The Kenyan shilling was little changed in thin trade on Monday, after stabilising last week when the Central Bank hiked its main interest rate in an attempt to halt this slide.

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	1.2560	1.2539
EUR/KES	164.33	171.60	EUR/USD	1.0790	1.0764
INR/KES		1.9074	AUD/USD	0.6558	0.6555
			USD/INR	83.3860	83.3905
			Commodities		
			Gold	1,994.25	2,015.30
			Brent Crude	73.16	76.43

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 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: The COP28 Presidency released a proposed text of a final climate deal on Wednesday that would, for the first time, push nations to transition away from fossil fuels to avert the worst effects of climate change. The draft is meant to reflect the consensus view of nearly 200 countries gathered at the conference in Dubai, where scores of governments have insisted on strong language to signal an eventual end to the fossil fuel era - over protests from members of the oil producer group OPEC and its allies.

Asia-Pacific markets: Hong Kong stocks led gains in Asia-Pacific markets Tuesday ahead of the Fed's final meeting of the year. The Fed's two-day meeting kicks off Tuesday and is expected to maintain the Fed Funds rate steady in the 5.25%-5.5% range.

International Markets

USD: Most Asian currencies retreated on Wednesday, while the dollar steadied as sticky U.S. inflation cast doubts over what the Fed will signal at the conclusion of today's meeting. DXY and DXY futures rose slightly in Asia.

GBP/USD: GBP/USD exhibits sideways movement, bracing for a barrage of data releases from both nations, hovering above 1.2550 in Asia. GBP/USD experienced notable volatility in the previous session, driven by UK employment data and US inflation figures. Investors anticipate more data today, with UK monthly GDP and Industrial Production both expected to decline by 0.1% in October. Furthermore, on Thursday, the BoE is expected to deliver a hawkish hold of interest rates at 5.25%.

EUR/USD: EUR/USD remains capped under 1.0800 in early Asia. The Fed and the ECB will announce their monetary policy decisions on Wednesday and Thursday, respectively. The ECB is expected to leave interest rates unchanged, with eurozone inflation falling much closer to 2.0%. The ECB prepared to push back market expectations for a rate cut as early as March by stating they still see price upside risks, notably from growing wages.

INR: INR extends its downside amid modest USD strength. Data released on Tuesday revealed that the Indian CPI came in higher than the RBI target of 4.0%. Headline inflation remained within its tolerance range of 2–6% for the third month. Furthermore, the CPI, which measures food inflation, increased by 8.70% in November from 6.61% in October. Last week, the RBI MPC decided to keep the policy repo rate steady at 6.50% and stated that they will closely monitor any indications of food price pressures. **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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