

GLOBAL MARKETS NEWSLETTER

Friday 15th December, 2023

Local Markets:

The Kenyan shilling lost ground on Thursday, due to increased importer demand for dollars from the manufacturing sector.

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	194.70	203.00	GBP/USD	1.2756	1.2641
EUR/KES	167.50	174.90	EUR/USD	1.0980	1.0902
INR/KES		1.9090	AUD/USD	0.6695	0.6725
			USD/INR	83.2275	83.3475
			Commodities		
			Gold	2,051.15	1,994.25
			Brent Crude	76.81	73.16

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	15.7706%	15.6348%	-
182 Days	15.9219%	15.7487%	-
364 Days	15.8340%	15.7947%	-
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%	14 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 rose on Friday, on track to notch their first weekly rise in two months after benefiting from a bullish forecast from the International Energy Agency (IEA) on oil demand for next year and a weaker dollar. Brent futures rose 40 cents to \$77.01 a barrel at 0335 GMT. U.S. West Texas Intermediate (WTI) crude climbed 40 cents to \$71.98.

Asia-Pacific markets climbed Friday, led by Hong Kong, as Wall Street continued to rally after the Fed held rates and laid out a roadmap for cuts in 2024 and beyond.

International Markets

USD: Most Asian currencies steadied after a recent rally on Friday, while the dollar languished at 4-month lows as traders positioned for deeper-than-expected interest rate cuts by the Fed in 2024. The dollar index and dollar index futures fell slightly in Asian trade and were at their weakest levels since mid-August.

GBP: GBP/USD grapples to continue its winning streak that began on Monday, trading around 1.2770 in Asia on Friday. The pair receives a boost from the hawkish stance of the BoE. As anticipated, the BoE opted to maintain the interest rates at 5.25% yesterday. BoE Governor Bailey remarked that there is still some distance to cover before inflation aligns with its target, contributing to the overall hawkish sentiment. Investors await PMI data from both nations on Friday.

EUR: EUR/USD trades with a positive bias for the fifth day in a row on Friday, currently placed just below the 1.1000 psychological mark, or a two-week high touched yesterday. The pair continues to draw support from the fact that the ECB on Thursday reaffirmed the need to hold interest rates higher for longer. Moving on, market participants will focus on the preliminary HCOB PMI report from France, Germany, and the Eurozone. The Fed's proposed rate cuts next year drag USD to an over 4-month low in Asia, a tailwind for the pair.

INR: INR gains traction on Thursday amid USD weakness. Greenback faces some selling pressure from the Fed Chairman Powell's dovish remarks. Additionally, the dot plot now projects three rate cuts of 25 bps each in 2024 instead of two. While optimism over India's economy drove local stocks to record highs, traders remain wary of the INR on caution over India's massive trade deficit. The RBI has also signaled no more interest rate hikes, despite a recent inflation uptick. **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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