

GLOBAL MARKETS NEWSLETTER

Tuesday 19th December, 2023

Local Markets:

The Kenyan shilling gained ground against the US Dollar on Monday and was expected to get support from remittance inflows in the coming days.

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	193.60	201.90	GBP/USD	1.2664	1.2695
EUR/KES	166.50	173.70	EUR/USD	1.0928	1.0911
INR/KES		1.9160	AUD/USD	0.6725	0.6713
			USD/INR	83.1850	82.9730
			Commodities		
			Gold	2,038.00	2,037.25
			Brent Crude	78.01	76.98

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%	
ECB RATE	4.50%	4.50%	
BOE RATE	5.25%	5.25%	
RBI RATE	6.50%	6.50%	

Top News

Oil prices were mixed on Tuesday, with the U.S. benchmark dipping while Brent extended gains from yesterday, as attacks by Houthi militants on ships in the Red Sea disrupted maritime trade and forced companies to reroute vessels. Brent crude futures rose 10 cents, to \$78.05/barrel. The front-month U.S. WTI crude futures contract, which expires on Tuesday, fell to \$72.40 a barrel.

Asia-Pacific markets dipped on Monday, after most markets in the region rallied last week following the Fed's decision to hold rates and its roadmap for rate cuts in 2024 and 2025.

International Markets

USD: The U.S. dollar slipped against the euro on Monday, extending last week's fall, and remains under pressure from the Fed's signaling last week the possibility of interest rate cuts in 2024. The dollar was higher against the yen as the BoJ kicked off a two-day meeting that could be crucial in determining the timing of the end of the bank's ultra-loose stance on interest rates. DXY, was 0.07% lower at 102.55.

GBP: GBP/USD snaps its two-day losing streak in early Asia. The pair's rebound is bolstered by the weaker USD and the lower US T-bond yields. Investors await UK inflation data, on Wednesday. The annual CPI and Core CPI figures are estimated to show an increase of 4.4% YoY and 5.5% YoY in November, respectively. The major pair currently trades near 1.2653, up 0.05% on the day. BoE policymaker Ben Broadbent has argued the MPC will need to see more protracted and clearly declining inflation before it can safely conclude a downward trend is taking place.

EUR: EUR/USD hovers around 1.0920 in early Asia. The critical resistance level remains at 1.1000. Investors will take more cues from November's Eurozone HICP data, estimated to remain unchanged at -0.5% MoM while the Core HICP is forecast to stay at 0.6% MoM.

INR: INR trades on a softer note on Tuesday. Custodial banks' dollar sales on Monday helped the INR rise to a nearly three-month high before USD demand from importers pulled it back and made it close slightly lower. Nonetheless, the anticipation of three rate cuts next year from the Fed might cap USD's upside and act as a headwind for USD/INR. Overseas investors purchased more than \$1 billion in Indian shares on Friday, after \$1.5 billion in purchases in the first four days of the week, according to National Securities Depository Ltd. The market could face a choppy session amid low trading activity as traders prepare for the long holiday weekend.

Source: Reuters.

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