

GLOBAL MARKETS NEWSLETTER

Wednesday 20th December, 2023

Local Markets:

The Kenyan shilling held steady on Tuesday and was expected to gain ground, on account of some dollar inflows into the market.

Today's expected range is 153.00 – 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	1.2720	1.2664
EUR/KES	166.50	173.70	EUR/USD	1.0966	1.0928
INR/KES		1.9160	AUD/USD	0.6770	0.6725
			USD/INR	83.1430	83.1850
			Commodities		
			Gold	2,055.50	2,038.00
			Brent Crude	79.28	78.01

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 was little changed on Wednesday as investors kept an eye on the situation in the Red Sea after the recent attacks by Houthi militants. Brent crude futures dipped 8 cents, or 0.1%, to \$79.15/barrel, while U.S. WTI crude was unchanged at \$73.94/barrel.

Asia-Pacific markets rose on Wednesday, with Japan stocks extending gains to another session after the BoJ left its ultra-loose monetary policy unchanged at its final meeting this year at -0.1%, while sticking to its yield curve control policy that keeps the upper limit for 10-year JGB yield at 1% as a reference.

International Markets

USD: Most Asian currencies steadied from recent gains on Wednesday, while the dollar remained pinned near 4-month lows as traders largely stuck to bets that the Fed will begin trimming interest rates in early 2024. DXY and DXY futures steadied in Asian trade and were close to their weakest levels since early-August. Lower U.S. rates lessen the dollar's appeal, and push investors into higher-yielding, risk-driven assets.

GBP: GBP/USD retraces recent gains registered yesterday, edging lower near 1.2720 in Asia. The pair receives downward pressure ahead of the slew of UK economic data releases. UK CPI, PPI, and RPI for November are scheduled to be released later today. Monthly consumer inflation is expected to grow by 0.01% from flat 0.0% prior. However, the year-on-year report could show an ease at 4.4% against the previous reading of 4.6%.

EUR: EUR/USD trades with mild losses, capped under 1.1000 in early Asia. The upside looks favorable for the major amid USD weakness. EUR/USD currently trades near 1.0973, losing 0.04% on the day. Data from Eurostat on Tuesday showed that Eurozone inflation missed market expectations in November due to the fall in energy prices. The Eurozone HICP for November came in at -0.6% MoM versus -0.5% prior, weaker than expected. The annual euro area inflation arrived at 2.4%, in line with analyst expectations.

INR: INR trades on a softer note on Wednesday despite the weaker USD and US Treasury bond yields. The IMF noted in its annual Article IV review that the USD/INR exchange rate moved within a very narrow range from December 2022 to October 2023, suggesting that the RBI's foreign exchange intervention likely exceeded levels necessary to manage market conditions. The RBI strongly disagreed with the IMF's assessment, terming it "unjustified." **Source: Reuters.**

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