

GLOBAL MARKETS NEWSLETTER

Wednesday 03rd January, 2024

Local Markets:

The Kenyan shilling weakened on Tuesday, although trade activity was slow due to a lull during the holiday period.

Today's expected range is 155.40 – 159.00.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	154.00	158.80			
GBP/KES	195.75	202.30	GBP/USD	1.2633	1.2780
EUR/KES	169.80	175.50	EUR/USD	1.0953	1.1090
INR/KES		1.9120	AUD/USD	0.6765	0.6880
			USD/INR	83.3225	83.0045
			Commodities		
			Gold	2,072.65	2,069.99
			Brent Crude	75.73	77.56

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	15.9829%	15.8831%	-
182 Days	15.9667%	15.9715%	-
364 Days	16.1000%	15.9012%	-
KES INFLATION	6.60%	6.80%	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%	1 st Feb, 24
BOE RATE	5.25%	5.25%	
RBI RATE	6.50%	6.50%	

Top News

Oil prices stabilised in early Asia after sharp moves earlier in the week, as markets weighed concerns about the U.S. economy and potential supply disruptions from ongoing tensions in the Red Sea. Brent crude slipped 1 cent, to \$75.88/barrel, while U.S. WTI crude futures rose 4 cents, to \$70.42/barrel.

Asia-Pacific markets: Asia-Pacific markets were mixed on the first trading day of the year, with China stocks dipping and Australian markets nearing its all-time high. Official data showed China's manufacturing PMI contracted further in December 2023, in a sign that more policy support was likely needed to revive its economy.

International Markets

USD: Most Asian currencies nursed steep losses on Wednesday, while the dollar steadied after a sharp overnight rebound as anticipation of more Fed cues saw markets question expectations for early rate cuts. The DXY and DXY futures fell slightly in Asian trade, after surging about 0.8% yesterday. Greenback was now trading comfortably above a more-than 5-month low hit late 2023. In an interview with CNN on Tuesday, IMF MD Georgieva expressed optimism about the US economy, advising Americans to "cheer up." She highlighted that despite a robust labor market, interest rates are expected to moderate in 2024 due to declining inflation.

GBP: GBP/USD rebounds after posting losses at the previous three sessions amid a stable USD. The pair trades higher near 1.2630 in Asia. USD could face downward pressure again on the moderate comments by the IMF MD.

EUR: EUR/USD remains under pressure in early Asia. The pair's downtick is broadly driven by the stronger USD. The pair currently trades around 1.0941, down 0.02% on the day. An increased possibility of rate cuts from the ECB may boost the economy, while the Fed may hold rates a little longer, exerting some selling pressure on EUR, and act as a headwind for EUR/USD. Investors price in six rate cuts for 2024 from the ECB.

INR: INR edges lower on Wednesday amid renewed USD demand. The optimistic outlook in the Indian economy by domestic and overseas investors has boosted the market cap of Indian equities to become the fifth largest in the world, just behind Hong Kong. The Nifty experienced a rise of 20% in 2023, with over half of the gain occurring in the last two months. This was supported by faster-than-expected quarterly growth, rising bets on Fed rate cuts in the first half of 2024, and steady retail participation. **Source: Reuters.**

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Ryan Akalah, Direct Lines: +254 111 030 600/626/680/681,

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