

GLOBAL MARKETS NEWSLETTER

Thursday 11th January, 2024

Local Markets:

The Kenyan shilling weakened on Tuesday due to increased demand for dollars from manufacturing and oil-retailing companies that outmatched inflows from remittances and tea exporters.

Today's expected USD/KES trading range is 156.60 – 160.50.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	156.60	160.50			
GBP/KES	199.96	205.70	GBP/USD	1.2689	1.2689
EUR/KES	171.98	177.00	EUR/USD	1.0928	1.0928
INR/KES		1.9402	AUD/USD	0.6694	0.6694
			USD/INR	83.1320	83.1320
			Commodities		
			Gold	2,037.35	2,030.55
			Brent Crude	77.40	77.87

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.0589%	15.9829%	-
182 Days	16.0915%	15.9667%	-
364 Days	16.2786%	16.1000%	-
KES INFLATION	6.60%	6.80%	30 th Jan, 24
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 edged higher on Thursday on concerns about escalating conflict in the Middle East with more attacks on Gaza and on shipping in the Red Sea, even as a surprise build in U.S. crude stockpiles capped gains. Brent crude futures gained 48 cents, to \$77.17/barrel while U.S. WTI crude futures rose 32 cents, to \$71.69/barrel.

Asia-Pacific markets were mostly lower Wednesday, although Japan stocks extended gains after notching a 33-year high in the previous session, while Australia inflation hit a near 2-year low. Japan's Nikkei 225 surged 2.01% and crossed the 34,000 mark for the first time since March 1990, closing at 34,441.72.

International Markets

USD: Most Asian currencies rose slightly on Thursday, while the dollar trimmed a bulk of its new year gains in anticipation of U.S. inflation for more cues on when the Fed could begin cutting rates. DXY and DXY futures both fell 0.1% in Asian trade, as traders bet the Fed will cut rates steeply this year. CPI data due today is expected to factor into expectations for the cuts. Headline inflation is expected to rise slightly, while core CPI is expected to fall further.

GBP: GBP/USD gains momentum above mid-1.2700s. USD weakness and risk-on environment lend support to the pair ahead of US inflation. GBP/USD currently trades around 1.2760. BoE Governor Bailey said yesterday he hoped the recent fall in mortgages rates would continue. He has given no hints regarding the path of interest rates, reaffirming the need to bring inflation down. On Friday, UK Manufacturing Production, Industrial Production, and monthly GDP for November will give clear direction to GBP/USD.

EUR: EUR/USD edges higher for the second day, trading at 1.0977. The pair's rebound is bolstered by the softer USD. Traders await US CPI for fresh impetus, estimated to increase by 0.2% MoM and 0.3% YoY in December. Late Wednesday, ECB Governing Council member Pablo Hernandez de Cos said the euro area probably failed to grow in the final three months of 2023 and the central bank will pay attention in the coming months to different developments that may condition the trajectory of inflation and its monetary policy action.

INR: INR trades positive note on Thursday, supported by robust foreign inflows. On Wednesday, PM Modi said India is set to become one of the top three global economies. Modi acknowledged India's economic development as a decade of structural reforms that improved the country's capacity and competitiveness amid global headwinds. **Source: Reuters.**

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