

# GLOBAL MARKETS NEWSLETTER

Friday 11<sup>th</sup> January, 2024

## Local Markets:

The Kenyan shilling declined to a record low against the US Dollar on Thursday, exerting pressure on the East African nation's trading falling foreign exchange reserves and raising the cost of imports.

Today's expected USD/KES trading range is 157.50 – 161.30.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	156.60	161.30			
<b>GBP/KES</b>	199.96	206.40	<b>GBP/USD</b>	1.2773	1.2689
<b>EUR/KES</b>	171.98	177.50	<b>EUR/USD</b>	1.0975	1.0928
<b>INR/KES</b>		1.9478	<b>AUD/USD</b>	0.6697	0.6694
			<b>USD/INR</b>	82.9875	83.1320
			<b>Commodities</b>		
			<b>Gold</b>	2,040.00	2,030.55
			<b>Brent Crude</b>	78.90	77.87

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	16.0589%	16.0589%	-
<b>182 Days</b>	16.0915%	16.0915%	-
<b>364 Days</b>	16.2786%	16.2786%	-
<b>KES INFLATION</b>	6.60%	6.80%	30 <sup>th</sup> Jan, 24
<b>KES CBR</b>	12.50%	10.50%	16 <sup>th</sup> Jan, 24
<b>FED RATE</b>	5.50%	5.50%	
<b>ECB RATE</b>	4.50%	4.50%	1 <sup>st</sup> Feb, 24
<b>BOE RATE</b>	5.25%	5.25%	
<b>RBI RATE</b>	6.50%	6.50%	

## Top News

**Oil** prices rose more than 2% on Friday as the US and Britain carried out strikes against Houthi military targets in Yemen in retaliation for attacks by the Iran-backed group on shipping in the Red Sea starting from late last year. Brent crude futures were up \$1.53, at \$78.94/barrel, while U.S. WTI crude futures were trading \$1.53, at \$73.55/barrel.

**Asia-Pacific markets** were mixed after China posted softer-than-expected deflation data for December, while Japan's markets continued their record-breaking rally. Hong Kong's Hang Seng index was up marginally, while the mainland Chinese CSI 300 dipped 0.17%. China's consumer price index fell 0.3%, softer than a 0.4% expected by a Reuters poll of economists, and also lower than the 0.5% fall seen in November.

## International Markets

**USD:** Most Asian currencies tread water on Friday, while the dollar saw little strength as traders looked to U.S. rate cuts this year despite a stronger inflation reading for December. The dollar took little support from O/N data that showed U.S. CPI grew slightly more than expected in December which, coupled with recent signs of resilience in the labor market, gives the Fed less impetus to begin early rate cuts. DXY and DXY futures fell 0.1% each in Asian trade after ending Thursday's session unchanged.

**GBP:** GBP/USD gains ground to nearly the weekly high in early Asia. UK's November GDP is estimated to grow by 0.2% MoM from the 0.3% contraction in the previous reading. GBP/USD currently trades near 1.2780, up 0.16% on the day. Governor Bailey had forecast a tough battle lay ahead to bring inflation back to 2% while pushing back against speculation about cutting rates. Nonetheless, a decline in energy prices might bring inflation down at a faster rate than the BOE expected. The BoE may be forced to provide the timeline of its first interest rate cut after three leading forecasters issued a surprise update suggesting the inflation rate will halve to 2% by April.

**EUR:** EUR/USD holds positive ground despite renewed USD demand during the early Asian session on Friday. The pair's uptick is supported by the risk-on environment ahead the US key data. EUR/USD trades at 1.0983.

**INR:** INR weakens on the renewed USD demand on Friday. Upbeat US inflation data on Thursday boosts the USD as investors now see the Fed potentially delaying its first rate cut. **Source: Reuters.**

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