

GLOBAL MARKETS NEWSLETTER

Tuesday 16th January, 2024

Local Markets:

The Kenyan shilling weakened on Monday as demand for dollars from importers and manufacturers weighed on the currency.

Today's expected USD/KES trading range is 158.00 – 161.30.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	158.00	161.30			
GBP/KES	200.20	205.10	GBP/USD	1.2680	1.2754
EUR/KES	172.33	176.60	EUR/USD	1.0916	1.0964
INR/KES		1.9706	AUD/USD	0.6613	0.6685
			USD/INR	82.9825	82.8500
			Commodities		
			Gold	2,051.45	2,060.65
			Brent Crude	78.12	78.45

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.1452%	16.0589%	-
182 Days	16.1874%	16.0915%	-
364 Days	16.3917%	16.2786%	-
KES INFLATION	6.60%	6.80%	30 th Jan, 24
KES CBR	12.50%	10.50%	06 th Feb, 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 were mixed on Tuesday, after losses yesterday, as markets weighed broad economic concerns against weather-related U.S. demand-supply issues and continued tensions in the Middle East that led to more tanker diversions. Brent crude futures rose to \$78.20/barrel. U.S. WTI crude was down to \$72.48/barrel after a U.S. public holiday on Monday.

Asia-Pacific markets: The Indian stock markets rallied to new highs in 2023 on the back of bullish investors and stronger domestic participation. Analysts warn that the level of optimism seen last year will not be replicated before the general election concludes. Indian equity benchmarks the Nifty 50 and BSE Sensex have rallied by more than 6% since the state elections concluded in the first week of December with PM Modi's party winning three of four states.

International Markets

USD: Most Asian currencies retreated on Tuesday, while the dollar advanced as traders remained largely risk-averse before more cues on when the Fed could begin cutting interest rates. DXY and DXY futures rose 0.5% and 0.3%, respectively, in Asian trade on Tuesday. The DXY was also trading at a small premium to futures, indicating increased near-term demand for the greenback.

GBP: GBP/USD moves lower to near 1.2690 in Asia. GBP loses ground against the USD on risk aversion, attributable to geopolitical risks dominating markets. Traders also await UK labor market data today. On Monday, a Houthi official declared intentions to broaden their targets to include US ships. A US-owned and operated container ship succumbed to an anti-ship ballistic missile assault. This shifts previously optimistic sentiment to risk aversion, thereby supporting the USD.

EUR: EUR/USD trades weaker for the fourth day. Market risk-off mood drags EUR lower amid rising tension in the Red Sea. The pair currently trades near 1.0938. Later today, German inflation data and the ZEW Survey will be released, adding rates decisions would be made on a meeting-by-meeting basis.

INR: INR loses traction on Tuesday on the stronger USD. India's WPI is outside the deflationary zone for the second month and reached the highest in the past nine months, primarily due to a rise in food prices. WEF president Borge Brende said Monday that Houthi attacks on commercial ships in the Red Sea would have a negative impact on the global supply chain and would lead to a \$10–20 increase in oil prices. This will have negative effects on oil-importers, including India.

Source: Reuters

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