

GLOBAL MARKETS NEWSLETTER

Wednesday 17th January, 2024

Local Markets:

The Kenyan shilling fell on Tuesday and is expected to continue to weaken in the near term because of persistent foreign currency demand.

Today's expected USD/KES trading range is 159.15 – 162.30.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	159.15	162.30			
GBP/KES	200.51	205.00	GBP/USD	1.2599	1.2680
EUR/KES	172.81	176.80	EUR/USD	1.0855	1.0916
INR/KES		1.9560	AUD/USD	0.6553	0.6613
			USD/INR	83.1350	82.9825
			Commodities		
			Gold	2,051.45	2,051.45
			Brent Crude	78.12	78.12

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 fell on Wednesday as economic growth in China, the world's second-largest crude user, slightly missed expectations, raising concerns about future demand increases while USD strength dented investor risk appetite. Brent crude futures fell to \$77.77/barrel. U.S. WTI crude futures fell to \$71.85/barrel.

Asia-Pacific markets: Hong Kong led declines, with Japanese stocks also halting their record-breaking rally that has seen benchmark indexes hit multi-decade highs. Hong Kong's Hang Seng index shed 2.06%, while mainland China's CSI 300 index reversed losses to gain 0.61% to 3,300.87.

International Markets

USD: Most Asian currencies retreated on Wednesday, while USD stood at a month's high amid increasing doubts over early rate cuts, while weak Chinese growth data also dented sentiment. DXY and DXY futures rose slightly in Asia on Wednesday after surging to an over 1-month high overnight. Greenback was boosted by Fed's Waller saying that while rate cuts were likely this year, the bank was not considering any soon, citing resilience in the U.S. economy.

GBP/USD posts modest gains below mid-1.2600s in early Asia. The pair's upside might be capped due to softer-than-projected UK wage growth and ongoing geopolitical tension in the Middle East, exerting selling pressure on the GBP. GBP/USD currently trades around 1.2636. Data from the Office for National Statistics revealed on Tuesday that the UK ILO Unemployment Rate remained steady at 4.2% in 3 months to Nov, in line with market expectations.

EUR/USD ticks higher in Asia, recovering part of yesterday's fall to over a 1-month low. Spot trades around 1.0880, though the fundamental backdrop favours bears and suggests that the path of least resistance is downward. The shared currency struggles to attract buyers in the wake of mixed views on inflation and interest rates by ECB policymakers, raising uncertainty over the timing of rate cut moves. Bundesbank President Joachim Nagel said on Monday it is too early for the ECB to discuss cutting amid high inflation.

INR trades softer amid the extended USD rally. Nonetheless, traders place their bets that the INR will break out of its trading range and rally this year as India gains the confidence of FX investors who believe the INR could trample USD. RBI Governor Das said at the WEF on Tuesday that food inflation can be volatile and will be on the top of the bank's agenda. WEF president Brende sees India's growth story intact and running amid geopolitical tensions and a weak investment cycle. **Source: Reuters**

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