

GLOBAL MARKETS NEWSLETTER

Friday 19th January, 2024

Local Markets:

The Kenyan shilling slipped on Thursday as importer demand for dollars continued to outmatch inflows.

Today's expected USD/KES trading range is 159.80 – 163.60.

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	1.2693	1.2599
EUR/KES	172.81	176.80	EUR/USD	1.0903	1.0855
INR/KES		1.9560	AUD/USD	0.6560	0.6553
			USD/INR	83.1340	83.1350
			Commodities		
			Gold	2,012.70	2,051.45
			Brent Crude	78.26	78.12

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.2347%	16.1452%	-
182 Days	16.3007%	16.1874%	-
364 Days	16.4917%	16.3917%	-
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 drifted lower after rallying yesterday, as geopolitical tensions and disruptions in U.S. oil production from a cold blast were countered by concerns over slow demand growth in China and ample supply forecasts. **Brent crude** futures fell to \$78.87/barrel, and U.S. WTI crude futures slid to \$74.01.

Asia-Pacific markets: Japan's Nikkei led gains in Asia-Pacific markets on Friday as investors assessed the country's December inflation numbers — the last key data before the BoJ first monetary policy meeting of 2024. Japan's headline inflation cooled to 2.6% from 2.8% in November.

International Markets

USD: Most Asian currencies moved little today but were headed for weekly losses, while USD hovered near 1-month highs amid increasing doubts of early Fed rate cuts. DXY and DXY futures fell slightly in Asian trade but are close to an over 1-month high hit earlier this week. The two were also set to end the week 0.9%-1% higher.

GBP/USD trades firm for the third day, bolstered by upbeat UK inflation and risk-on mood. Investors await UK Retail Sales data for fresh impetus, estimated to show a 0.5% MoM fall in December from November's 1.3% rise. Cable currently trades near 1.2708. Dec CPI rose to 4.0% YoY from 3.9% in Nov, undermining expectations of an early BoE rate cut. This marked the first acceleration in ten months. Investors will monitor UK Retail Sales for December and the preliminary US Michigan Consumer Sentiment Index today.

EUR/USD moves upward, recovering recent losses registered yesterday. The pair trades higher around 1.0890 in Asia. However, EUR could confront a challenge arising from speculations regarding potential rate cuts in September. Prevailing sentiment was boosted when President Lagarde, speaking at the WEF, suggested that cuts might be considered by summer. Lagarde highlighted the possibility that rates have peaked and underscored reliance on economic data. She acknowledged the presence of ongoing uncertainties and indicators that are still not firmly anchored, hence the nuances.

INR gains traction on Friday amid a modest USD decline but may be capped due to the rise in US T-bond yields after upbeat US economic data. Furthermore, oil price rebounds amid Red Sea geopolitical tension might also weigh on INR as India is the 3rd largest consumer of crude oil in the world. RBI Governor Das said Thursday in Davos that it would be premature to talk about rate cuts until the inflation target is achieved durably. **Source: Reuters**

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