

# GLOBAL MARKETS NEWSLETTER

Tuesday 23<sup>rd</sup> January, 2024

## Local Markets:

The Kenyan shilling weakened on Monday, undermined by increased demand for dollars from the energy and manufacturing sectors.

Today's expected USD/KES trading range is 160.90 – 164.50.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	159.15	164.50			
GBP/KES	200.51	205.00	GBP/USD	1.2738	1.2693
EUR/KES	172.81	176.80	EUR/USD	1.0903	1.0903
INR/KES		1.9560	AUD/USD	0.6602	0.6560
			USD/INR	83.0960	83.1340
			Commodities		
			Gold	2,031.35	2,012.70
			Brent Crude	80.21	78.26

## 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 <sup>th</sup> Jan, 24
KES CBR	12.50%	10.50%	06 <sup>th</sup> Feb, 24
FED RATE	5.50%	5.50%	
ECB RATE	4.50%	4.50%	25 <sup>th</sup> Jan, 24
BOE RATE	5.25%	5.25%	
RBI RATE	6.50%	6.50%	

## Top News

**Oil** prices were little changed on Tuesday as traders weighed a host of conflicting supply and demand worries, with rising tensions in the Middle East and cold weather woes disrupting production in the US. Brent crude futures fell to \$80.04/barrel, while U.S. WTI crude futures were last down 1 cent at \$74.75/barrel.

**Asia-Pacific markets:** Hong Kong stocks rebounded Tuesday after two straight days of declines, while Japan's Nikkei 225 index rose as the Bank of Japan kept its monetary policy unchanged in its first monetary policy meeting of the year.

## International Markets

**USD:** Most Asian currencies kept to a tight range on Tuesday as markets remained on edge before a string of key U.S. economic readings, while the JPY hovered near 7-week lows after the BoJ remained dovish. DXY and DXY futures both fell slightly in Asian trade. But the greenback remained close to over 1-month highs, amid growing conviction that the Fed will begin trimming interest rates only later in 2024.

**GBP:** GBP/USD holds above 1.2700 in early Asia. The pair's rebound is supported by an improved risk appetite. Investors will keep an eye on the preliminary UK S&P Global PMI for January on Wednesday, expected to remain upbeat. GBP/USD trades at 1.2713, up 0.04% on the day. The restrictive monetary policy stance of the BoE provides some support to the GBP. All 70 economists polled said they anticipate the BoE to hold the policy rate unchanged at 5.25% at its policy meeting on February 1.

**EUR:** EUR/USD struggles to gain any meaningful traction in Asia, oscillating narrowly below 1.0900. Traders seem reluctant to place aggressive directional bets and prefer to wait on the sidelines amid the uncertainty over the timing of a potential interest rate cut by the ECB. The first ECB policy rate cut is projected to take place in April and the markets have been pricing in a total reduction of 135 bps by the end of 2024.

**INR:** INR trades softer note on Tuesday. RBI Governor Das stated last week that cutting the key policy rate would be premature until the 4% inflation target is achieved on a durable basis. RBI's Das said Indian CPI inflation has decreased from a peak of 7.8% during the Ukraine-Russia conflict to within the RBI's target range of 2–6%. However, new geopolitical flashpoints are emerging, and climate change and weather-related events are also affecting food prices. Investors will focus on the US PMI report tomorrow. **Source: Reuters**

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