

# GLOBAL MARKETS NEWSLETTER

Tuesday 30<sup>th</sup> January, 2024

## Local Markets:

The Kenyan shilling firmed slightly on Monday in a thin trading session.

Today's expected USD/KES trading range is 158.90 – 165.50.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	158.90	165.50			
GBP/KES	201.89	211.00	GBP/USD	1.2703	1.2689
EUR/KES	171.97	179.80	EUR/USD	1.0942	1.0942
INR/KES		1.9883	AUD/USD	0.6580	0.6580
			USD/INR	83.1450	83.1450
			Commodities		
			Gold	2,052.80	2,045.50
			Brent Crude	82.28	83.28

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.2903%	16.2347%	-
182 Days	16.3756%	16.3007%	-
364 Days	16.5225%	16.4917%	-
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 bounced back in early trade, following a more than 1% drop the previous session, as escalating geopolitical tensions in major producing regions the Middle East fueled supply concerns. Brent crude futures rose to \$82.57/barrel. U.S. WTI crude was up at \$76.95/barrel.

**Asia-Pacific markets:** LVMH results showed that despite some resumption of overseas travel, more of China's consumers are buying luxury products at home. China's mainland personal luxury market grew by about 12% last year to more than 400 billion CNY (\$56.43 billion), according to consulting firm Bain & Company.

## International Markets

**USD:** The dollar gained against the euro on Monday as investors prepared for the prospect that the Fed could push back against expectations of an imminent rate cut when it concludes its 2-day meeting tomorrow. Traders have cut odds that the bank will reduce rates in March to 48%, from 89% a month ago, as data reinforces a view that the U.S. economy remains solid. DXY was last at 103.50.

**GBP:** GBP/USD remains well-supported above 1.2700 in early Asia. Markets turn to a cautious mood ahead of the key two events from the FOMC and the BoE tomorrow and Thursday, respectively. The BoE is widely anticipated to maintain the interest rates steady. Traders will monitor interest rates guidance and message on possibility of future cuts. Bailey said it's premature to lower rates. However, signs that inflation is easing off might convince the bank to lower rates after all. **EUR:** EUR/USD recovers some lost ground below the mid-1.0800s in early Asian trading. The pair's rebound is driven by modest USD decline and lower US Treasury bond yields. Investors await the advanced Q4 GDP from Germany and the Eurozone ahead of the FOMC meeting tomorrow. The advanced Q4 Eurozone GDP is due today, estimated to contract by 0.1% QoQ and steady YoY. If the report shows a weaker-than-expected outcome, this could exert some selling pressure on the EUR and act as a headwind for the pair.

**INR:** INR edges lower on Tuesday. In Jan 2024, INR regains ground against the USD on the back of foreign portfolio inflows, becoming the top-performing currency in the Asian markets this month. According to a finance ministry review, India remains resilient amid global challenges due to robust domestic demand, investment-led strategies, and macroeconomic stability. Nonetheless, external risks from sticky inflation, sluggish growth, and fiscal pressures in the global economy, combined with the ongoing Red Sea tension could be a potential threat. **Source: Reuters**

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