

# GLOBAL MARKETS NEWSLETTER

Friday 2<sup>nd</sup> February, 2024

## Local Markets:

The Kenyan shilling has drawn support in recent sessions from foreign loans and comments by the president that the country will not default on a Eurobond.

Today's expected USD/KES trading range is 158.50 – 163.50.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	158.50	163.50			
<b>GBP/KES</b>	201.94	207.40	<b>GBP/USD</b>	1.2747	1.2668
<b>EUR/KES</b>	172.28	178.40	<b>EUR/USD</b>	1.0878	1.0802
<b>INR/KES</b>		1.9775	<b>AUD/USD</b>	0.6590	0.6539
			<b>USD/INR</b>	82.8475	82.9745
			<b>Commodities</b>		
			<b>Gold</b>	2,071.85	2,061.25
			<b>Brent Crude</b>	78.86	80.82

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	16.3747%	16.2903%	-
<b>182 Days</b>	16.5058%	16.3756%	-
<b>364 Days</b>	16.6801%	16.5225%	-
<b>KES INFLATION</b>	6.90%	6.60%	30 <sup>th</sup> Jan, 24
<b>KES CBR</b>	12.50%	10.50%	06 <sup>th</sup> Feb, 24
<b>FED RATE</b>	5.50%	5.50%	
<b>ECB RATE</b>	4.50%	4.50%	25 <sup>th</sup> Jan, 24
<b>BOE RATE</b>	5.25%	5.25%	01 <sup>st</sup> Feb, 24
<b>RBI RATE</b>	6.50%	6.50%	

## Top News

**Oil** prices rose in early trade on Friday following a decision by OPEC+ to keep its oil output policy unchanged, though benchmarks were headed for weekly losses amid unsubstantiated reports of a ceasefire between Israel and Hamas. Brent crude futures climbed 37 cents, to \$79.07/barrel, while U.S. WTI crude futures gained 30 cents to \$74.12/barrel.

**Asia-Pacific markets:** South Korea's Kospi led gains in the Asia-Pacific markets on Friday that tracked Wall Street's rebound from the sell-off earlier this week. South Korea's Kospi led gains in the Asia-Pacific markets on Friday that tracked Wall Street's rebound from the sell-off earlier this week.

## International Markets

**USD:** Most Asian currencies kept to a tight range, while the dollar was headed for a negative week ahead of key U.S. NFPs, expected to provide more cues on the path of U.S. interest rates. This saw traders sell off the dollar after a short-lived bounce. DXY and DXY futures were flat in Asian trade on Friday, set to lose about 0.4% this week.

**GBP:** GBP/USD regains above 1.2700 in early Asia. The BoE decided to keep rates steady at 5.25% yesterday, with Governor Bailey saying the BoE had seen good news on inflation over the past few months, and they needed more evidence that inflation is set to fall to 2% before they can cut rates. Investors await US NFPs today for fresh impetus. The pair currently trades around 1.2745. A decline in inflation could mean a cut in the cost of borrowing around Q3 2024.

**EUR:** EUR/USD dipped and recovered in a rough Thursday session, grinding lower in whipsaw action as the pair tests new lows in the near-term and slips further back from key technical levels. European inflation declined less than markets were hoping, but currency markets have shifted into shorting the USD across the board as investors recover from Wednesday's hawkish showing from the Fed.

**INR:** INR trades in positive territory for the third day. Finance Min. Sitharaman said in her budget statement on Thursday that the government will focus on more comprehensive governance, development, and performance. This supports the INR. Sitharaman also remarked that the government has continued to fund infrastructure building, which has been an important driver of economic growth, with the budget for physical asset construction, increasing by 11% to over \$130 billion this year. The government plans to build an additional 20 million affordable houses over the next five years, in addition to the nearly 30 million houses already built.

Source: Reuters.

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