

GLOBAL MARKETS NEWSLETTER

Tuesday 5th February 2024

Local Markets:

The Kenyan shilling was steady in slow trade on Monday, LSEG data showed.

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
USD/KES	158.50	163.50			
GBP/KES	198.83	205.90	GBP/USD	1.2550	1.2641
EUR/KES	10.29	176.40	EUR/USD	1.0752	1.0820
INR/KES		1.9735	AUD/USD	0.6509	0.6545
			USD/INR	83.0530	82.8745
			Commodities		
			Gold	2,044.30	2,031.97
			Brent Crude	78.07	77.82

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.3747%	16.2903%	-
182 Days	16.5058%	16.3756%	-
364 Days	16.6801%	16.5225%	-
KES INFLATION	6.90%	6.60%	29 th Feb, 24
KES CBR	12.50%	10.50%	06 th Feb, 24
FED RATE	5.50%	5.50%	
ECB RATE	4.50%	4.50%	25 th Jan, 24
BOE RATE	5.25%	5.25%	01 st Mar, 24
RBI RATE	6.50%	6.50%	

Top News

Oil prices were little moved in early trading, as markets assessed Antony Blinken's visit to the Middle East to discuss a ceasefire offer in the region. Brent crude futures were down to \$77.97 a barrel while U.S. WTI crude futures edged down to \$72.75.

Asia-Pacific markets: China and Hong Kong stocks jumped Tuesday as authorities in the world's second-largest economy took measures to arrest a recent selloff in its equities, while most Asia-Pacific markets declined. The CSI 300 index and Hong Kong's Hang Seng index rose about 3.3% each. Mainland China's CSI 300 had hit five-year lows last week.

International Markets

USD: Most Asian currencies rose slightly, recovering marginally after growing expectations of higher-for-longer U.S. rates pushed up the dollar and weighed heavily on regional markets. Regional currencies saw some relief as the dollar steadied after racing to near 3-month highs. The dollar was buoyed chiefly by hotter-than-expected U.S. economic readings, and comments from Fed Chair Powell, saying that rates will remain steady in the time being.

GBP: GBP/USD drops to the multi-week low of 1.2518 and rebounds to 1.2535 in early Asia. Expectations of an early Fed rate cut fade, and this lifts the USD across board. DXY holds above 104.40. BoE Chief Economist Huw Pill stated on Monday that interest rates could drop this year as a reward to the economy for bringing inflation down and said monetary policy is now on a different path from last year, and rates will only decline if inflation continues.

EUR: EUR/USD hovers near 1.0750 in Asia after plunging yesterday. The pair tumbled on hawkish remarks from Powell, coupled with improved US ISM Services data. Additionally, EUR faced additional downward pressure following the release of weaker Europe's PPI data yesterday. The EU contends with a disinflationary trend, potentially prompting the ECB to consider easing its policy. The OECD foresees inflation across Europe remaining above 2% until after 2025.

INR: INR trades flat amid USD decline. India's services sector expanded its fastest in 6 months, due to robust domestic and external demand. The S&P Global India Services PMI surged to 61.8 from 59.0 in Dec. The final reading came in better than the preliminary estimate of 61.2, the 30th month of expansion above. India has shown real resilience amid high inflation and monetary policy tightening from the RBI. Meanwhile, the geopolitical conflict in the Middle East posed a threat to Indian growth as disruptions in Red Sea shipping could lead to an increase in consumer prices. **Source: Reuters.**

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