

GLOBAL MARKETS NEWSLETTER

Wednesday 07th February 2024

Local Markets:

The Kenyan shilling was stable on Tuesday, with dollar inflows from remittances and horticulture exports meeting demand from general goods importers.

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	199.71	206.80	GBP/USD	1.2606	1.2550
EUR/KES	170.46	176.60	EUR/USD	1.0765	1.0752
INR/KES		1.9756	AUD/USD	0.6530	0.6509
			USD/INR	82.9770	83.0530
			Commodities		
			Gold	2,050.10	2,044.30
			Brent Crude	78.66	78.07

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	13.00%	12.50%	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 edged higher for a third straight day after industry data showed U.S. oil stocks grew less than expected and the U.S. sharply cut its forecast for the country's oil output growth, easing concerns about potential oversupply. Brent crude futures rose to \$78.75/barrel, while U.S. WTI crude climbed to \$73.51.

Asia-Pacific markets: Asia-Pacific stocks were mostly higher today as investors assessed corporate earnings and China's efforts to bolster its market. DBS Group, Southeast Asia's largest bank, reported a 2% Y.o.Y increase in Q4 net profit to \$2.39 billion, while maintaining its full-year net interest income forecast for 2024.

International Markets

USD: Most Asian currencies kept to a tight range on Wednesday, steadying after recent losses as the dollar retreated from recent 3-month peaks, although the prospect of higher-for-longer rates still kept traders on edge. This trend spurred sharp gains in the dollar, with the greenback hovering just below its strongest levels since early-November.

GBP: GBP/USD trades on a stronger note amid the USD weakness in early Asia. The pair's rebound is supported by softer Greenback and lower US T-bond yields. GBP/USD trades at 1.2608. GBP is at risk of a technical recession, which might lead BoE officials to shift to a dovishness. Chief Economist Pill said Monday that the question now for most of the bank's policymakers was when it would be appropriate to start to cut rates, not if. Meanwhile, Governor Bailey said that inflation was moving in the right direction and that the BoE would keep borrowing costs under review.

EUR: EUR/USD bounces off 2024 lows of 1.0720 and rebounds to 1.0760 on the renewed USD selling bias in early Asia. Investors await German Industrial Production on Wednesday, estimated to drop 0.4% MoM in December. Market players will watch Industrial Production, due later today. The Economic Bulletin will be released on Thursday, and German CPI will be published on Friday.

INR: INR snaps a three-day losing streak today on the corrective move in the USD and a downtick in US Treasury yields. On Monday, the OECD raised India's growth outlook for 2024–25 to 6.2% from the 6.1% estimated earlier in its November outlook. Nonetheless, OECD warned that the geopolitical tensions in the Middle East posed a threat to the global economy as disruptions in Red Sea shipping may hike consumer prices.

Source: Reuters.

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