

GLOBAL MARKETS NEWSLETTER

Tuesday 13th February 2024

Local Markets:

The Kenyan shilling strengthened on Monday, boosted by dollar inflows from non-governmental organisations and subdued importer demand.

Today's expected USD/KES trading range is 156.50 – 161.50.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	156.40	161.50			
GBP/KES	197.28	204.40	GBP/USD	1.2619	1.2616
EUR/KES	168.37	174.50	EUR/USD	1.0767	1.0770
INR/KES		1.9504	AUD/USD	0.6519	0.6497
			USD/INR	83.0140	83.0090
			Commodities		
			Gold	2,034.55	2,047.85
			Brent Crude	82.16	81.47

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.5038%	16.3747%	-
182 Days	16.6331%	16.5058%	-
364 Days	16.8574%	16.6801%	-
KES INFLATION	6.90%	6.60%	30 th Mar, 24
KES CBR	13.00%	12.50%	19 th Mar, 24
FED RATE	5.50%	5.50%	
ECB RATE	4.50%	4.50%	25 th Jan, 24
BOE RATE	5.25%	5.25%	07 th Mar, 24
RBI RATE	6.50%	6.50%	

Top News

Oil prices rose slightly on fears Middle East tensions could disrupt supply, but uncertainty about the pace of potential U.S. rate cuts and the ensuing impact on fuel demand capped gains. Brent futures edged up to \$82.07/barrel. U.S. WTI crude rose to \$77.02/barrel.

Asia-Pacific markets mostly rose as more markets return to trade from the Lunar New Year holiday, including S. Korea and Singapore. Japan's corporate goods price index rose 0.2% in Jan, beating the 0.1% expected by economists, vs the revised 0.2% growth for December.

International Markets

USD: Most Asian currencies weakened on Tuesday, while the dollar firmed as markets hunkered down before key U.S. inflation data that is widely expected to factor into the rates path. Inflation data comes after a chorus of Fed officials warned that the bank was in no hurry to begin trimming interest rates in 2024- a trend that bodes well for the dollar and poorly for risk-heavy, high-yield currencies.

GBP: GBP/USD consolidates narrowly trading above 1.2600 in early Asia. The UK labor market and US inflation will be in the spotlight today. These events could trigger market volatility. GBP/USD trades at 1.2626. On Monday, Governor Bailey expressed optimism regarding the UK economy and downplayed the importance of forthcoming data that some analysts projected the country entered a technical recession at the end of last year. BoE policymaker Sarah Breeden said last week that the bank has shifted from tightening rates to thinking about when they might come down as recent falls in UK inflation have changed the BoE's outlook.

EUR: EUR/USD tested 1.0800 on Monday, but broad-market flows remain tepid in thin action to kick off the new trading week. A light data calendar on Monday will give way to a fresh print of US CPI inflation figures today, and investors will keep a close eye on price growth figures from the US. The euro area sees GDP figures tomorrow, followed by an appearance from President Lagarde on Thursday. The US' CPI gives way to US Retail Sales on Thursday.

INR: INR weakens on Tuesday amid a stronger USD and a bounce back in crude oil prices. India showed evidence of resilience at the start of the year, with Industrial Production improving and inflation falling. India's inflation dropped to a 3-month low in January due to the cooling of food prices. Inflation has stayed within its tolerance range of 2–6% for the fifth month. Food inflation came in at 8.30% in Jan vs 9.53% in Dec. The RBI MPC maintained its inflation forecast for FY24 at 5.4% at its February meeting, despite concerns on rising food prices and uncertainty around crude oil prices. **Source: Reuters.**

For further enquiries, kindly contact: Joseph Nyamache /Daniel Yegon/Ryan Akalah, Direct Lines: +254 111 030 600/626/680/681,

DISCLAIMER: Even though care and caution has been taken in the preparation of the opinions, forecasts and provision of information contained in this report, the Bank does not take any responsibility or give any warranties as to their accuracy or completeness, nor does the bank assume liability for any losses arising from errors or omissions or the results obtained from the use of such information.