

# GLOBAL MARKETS NEWSLETTER

Wednesday 14<sup>th</sup> February 2024

## Local Markets:

The Kenyan shilling on Tuesday touched its highest level against the US Dollar this year, extending its recovery from the series of record lows it hit from late 2021 until January.

Today's expected USD/KES trading range is 154.50 – 159.00.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	154.50	159.00			
<b>GBP/KES</b>	194.57	201.00	<b>GBP/USD</b>	1.2601	1.2616
<b>EUR/KES</b>	165.50	171.00	<b>EUR/USD</b>	1.0714	1.0770
<b>INR/KES</b>		1.9187	<b>AUD/USD</b>	0.6463	0.6497
			<b>USD/INR</b>	83.0850	83.0090
			<b>Commodities</b>		
			<b>Gold</b>	2,005.45	2,034.55
			<b>Brent Crude</b>	82.67	82.16

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	16.5038%	16.3747%	-
<b>182 Days</b>	16.6331%	16.5058%	-
<b>364 Days</b>	16.8574%	16.6801%	-
<b>KES INFLATION</b>	6.90%	6.60%	30 <sup>th</sup> Mar, 24
<b>KES CBR</b>	13.00%	12.50%	19 <sup>th</sup> Mar, 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%	07 <sup>th</sup> Mar, 24
<b>RBI RATE</b>	6.50%	6.50%	

## Top News

**Oil** prices slipped in Asian trade on Wednesday after a U.S. industry group reported crude stocks rose more than expected last week and as investors reined in expectations for interest rate cuts by the Fed.

**Asia-Pacific markets** Japan stocks led declines in Asia-Pacific markets after hotter-than-expected U.S. inflation data sent Wall Street tumbling overnight. U.S. CPI climbed 3.1% on a 12-month basis and 0.3% for the month. Economists polled by Dow Jones expected the CPI to have increased by 0.2% month over month in January and 2.9% on an annual basis.

## International Markets

**USD:** Most Asian currencies nursed steep losses on Wednesday, while the dollar hovered near 3-month highs after stronger-than-expected U.S. inflation brewed more fears that the Fed will keep rates higher for longer. DXY and DXY futures both fell about 0.1% in Asian trade but remained squarely in sight of a 3-month high. The greenback shot up in O/N trade after CPI data showed inflation remained stickier than expected in January.

**GBP:** GBP traders keenly await the release of the high-impact UK CPI data, for fresh hints on the timing of the BoE first interest rate cuts this year, as BoE policymakers continue to push back against expectations of early rate cuts. Headline annual UK CPI is forecast to rise 4.2% in Jan, continuing its rebound from its lowest level since September 2021, registered at 3.9% in November. However, the reading would still be more than twice the BoE's 2.0% target.

**EUR:** EUR/USD hovers around 1.0710 in Asia, maintaining its position after dropping to 3-month lows. USD garnered support following the release of robust US Jan inflation, which dampened expectations of an imminent rate cut by the Fed in March. However, EUR found some relief from better-than-expected Economic Sentiment data from both the Eurozone and Germany, released on Tuesday. Investors await preliminary GDP data scheduled for release on Wednesday. Additionally, market participants will pay attention to a speech by Christine Lagarde, scheduled for Thursday.

**INR:** INR loses traction on Wednesday amid the firmer USD. The pair's uptick is supported by stronger-than-expected US inflation, prompting investors to further push back expectations on when the Fed will cut its interest rate. Meanwhile, the RBI stated that it desires to see inflation return to 4%, the midpoint of the 2-6% target. Markets anticipate the bank to remain hawkish in the near term and not cut rates ahead of the Fed. This, in turn, could provide some support to the INR and act as a headwind for the pair. **Source: Reuters.**

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