

# GLOBAL MARKETS NEWSLETTER

Friday 16<sup>th</sup> February 2024

## Local Markets:

The Kenyan shilling gave up some of its gains in afternoon trading on Thursday, after the Central Bank bought dollars to curb volatility as the currency surged to its strongest level since June 2023.

Today's expected USD/KES trading range is 144.00 – 149.00.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	149.00	157.00			
GBP/KES	187.12	194.20	GBP/USD	1.2565	1.2601
EUR/KES	159.79	165.90	EUR/USD	1.0728	1.0714
INR/KES		1.8603	AUD/USD	0.6487	0.6463
			USD/INR	83.0050	83.0850
			Commodities		
			Gold	2,005.45	2,005.45
			Brent Crude	82.67	82.67

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.5539%	16.5038%	-
182 Days	16.7155%	16.6331%	-
364 Days	16.9188%	16.8574%	-
KES INFLATION	6.90%	6.60%	30 <sup>th</sup> Mar, 24
KES CBR	13.00%	12.50%	19 <sup>th</sup> Mar, 24
FED RATE	5.50%	5.50%	
ECB RATE	4.50%	4.50%	25 <sup>th</sup> Jan, 24
BOE RATE	5.25%	5.25%	07 <sup>th</sup> Mar, 24
RBI RATE	6.50%	6.50%	

## Top News

**Oil** prices stalled on Friday over a forecast of slowing demand by the International Energy Agency after gaining yesterday on weak U.S. retail sales data that sparked optimism that the Fed might cut rates sooner than expected. **Brent crude** futures were down 9 cents, to \$82.77/barrel. U.S. WTI crude futures rose 4 cent to \$78.07/barrel.

**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 moved little on Friday and were set for a muted weekly performance as markets remained largely convinced that the Fed will not cut interest rates early this year, after CPI data showed inflation unexpectedly picked up in January. The dollar index and dollar index futures both rose 0.1% in Asian trade, and were up about 0.3% this week- their fifth consecutive week of gains. **GBP:** GBP/USD continues with its struggle to find acceptance or build on the momentum beyond 1.2600 and meets with some supply in Asia trading. Spot prices currently trade around the 1.2585 region, and remain on track to register modest weekly losses. Thursday's UK GDP report confirmed a technical recession, which, along with softer UK consumer inflation released on Wednesday, reaffirmed bets that the BoE will start cutting rates soon.

**EUR:** EUR/USD retreats after two days of gains, which could be attributed to market optimism despite disappointing US Retail Sales data. However, the market shows optimism for the USD ahead of US PPI and Michigan Consumer Sentiment Index due today. EUR/USD edges lower to near 1.0760 in Asia on Friday. Improved US yields contribute upward support for the Greenback against EUR. Eurozone Q4 GDP data showed no change. Despite this, the ECB's forward-looking wage tracker indicates robust wage pressures.

**INR:** INR strengthened on Friday as USD softened. The pair's downtick is backed by weaker-than-expected US Retail Sales, triggering speculation that the Fed will soon start cutting rates in the coming months. The economy is forecast to grow by at least 7% for the fourth year. However, persistent shocks to food prices and renewed geopolitical flashpoints are some factors that are now complicating policymakers' efforts to combat inflation. **Source: Reuters.**

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