

GLOBAL MARKETS NEWSLETTER

Tuesday 20th February 2024

Local Markets:

The Kenyan shilling held steady against the dollar on Monday, pausing after last week's rally.

Today's expected USD/KES trading range is 142.90–147.10.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	142.90	147.10			
GBP/KES	179.75	185.60	GBP/USD	1.2587	1.2615
EUR/KES	153.84	158.90	EUR/USD	1.0771	1.0780
INR/KES		1.8062	AUD/USD	0.6532	0.6540
			USD/INR	82.9650	82.9980
			Commodities		
			Gold	2,030.30	2,032.70
			Brent Crude	82.48	82.83

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 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 were broadly steady on Tuesday, hovering close to 3-week highs on heightened Middle East tensions and recovering China demand. **Brent** futures ticked down to \$83.45/barrel. U.S. WTI crude for April delivery inched down 11 cents to \$78.35/barrel.

Asia-Pacific markets fell Tuesday, as investors parsed Chinese central bank's decisions on key lending rates. CSI 300 dropped 0.34% as investors assessed the People's Bank of China's decision to cut its five-year loan prime rate by 25 bps to 3.95%. The one- and five-year LPR remains unchanged at 3.45%.

International Markets

USD: Most Asian currencies crept lower on Tuesday amid persistent concerns over a slowing Chinese economic recovery and higher-for-longer U.S. rates, while USD edged up and remained near 3-month highs. DXY and DXY futures both rose 0.1% each in Asian trade, buoyed by the prospect of higher-for-longer U.S. rates in 2024.

GBP: GBP/USD continues in negative territory, around 1.2580 in Asia. USD strength could be attributed to improved US Treasury yields, weighing on GBP/USD. Traders await FOMC meeting minutes tomorrow. BoE is expected to maintain rates to address persistent consumer prices in the UK. Strong consumer spending adds complexity for BoE policymakers as they navigate a technical recession and higher inflation amidst elevated rates. Traders are likely to monitor the S&P Global/CIPS PMI data on Thursday to gain further insights into the UK's economy.

EUR: EUR/USD drifted back into median prices in thin Monday trading as the pair remains hampered below 1.0800. Markets opened quiet with US markets dark for the US federal holiday. European and US PMI figures are due in the latter half of the week, and investors look forward to the latest Meeting Minutes from the US FOMC. According to the CME's FedWatch Tool, markets see a 75% chance of a Fed rate cut in June as higher-than-expected US inflation continues to push money markets further down the calendar after the early year's sky-high bets of a March rate cut evaporating.

INR: INR weakens on Tuesday on the stronger USD. INR is expected to trade modestly positive, supported by carry trades and speculation that the RBI will ease monetary policy slower than the Fed. However, a continuation of debt-related dollar inflows, higher crude oil, and rising US bond yields might cap the pair's upside near term. Goldman Sachs expects two rate cuts in India in H2 2024. If the economy is worse than forecast, RBI may be forced to cut rates faster and deeper.

Source: Reuters.

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

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