

# GLOBAL MARKETS NEWSLETTER

Wednesday 21<sup>st</sup> February 2024

## Local Markets:

The Kenyan shilling firmed on Tuesday, helped by dollar inflows from non-governmental organisations and horticultural produce exporters.

Today's expected USD/KES trading range is 142.40–147.50.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	142.40	147.50			
<b>GBP/KES</b>	179.92	186.90	<b>GBP/USD</b>	1.2634	1.2587
<b>EUR/KES</b>	154.00	160.10	<b>EUR/USD</b>	1.0815	1.0771
<b>INR/KES</b>		1.7844	<b>AUD/USD</b>	0.6569	0.6532
			<b>USD/INR</b>	82.8750	82.9650
			<b>Commodities</b>		
			<b>Gold</b>	2,041.60	2,030.30
			<b>Brent Crude</b>	82.58	82.48

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	16.5539%	16.5038%	-
<b>182 Days</b>	16.7155%	16.6331%	-
<b>364 Days</b>	16.9188%	16.8574%	-
<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%	
<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 regained some ground in Asian trade on Wednesday amid concerns over attacks on shipping in the Red Sea and growing expectations that cuts to U.S. rates will take longer than thought. Brent crude futures rose 30 cents to \$82.64/barrel, while U.S. WTI crude futures were up 26 cents at \$77.3/barrel.

**Asia-Pacific markets:** Hong Kong stocks gained more than 2% as the wider Asia-Pacific markets traded mixed following Wall Street losses Wednesday, while investors assessed Japan's trade data and souring business sentiment among large manufacturers. Hong Kong's Hang Seng index advanced 2.36%, driven by property, technology and health-care stocks. China's CSI 300 traded 2.55% higher.

## International Markets

**USD:** Most Asian currencies rose on Wednesday, seeing some relief as the dollar retreated in anticipation of more cues from the Fed on the rates path. DXY and DXY futures both fell about 0.1% each in Asian trade, with investors collecting some profits in the greenback before a barrage of Fed cues this week.

**GBP:** GBP/USD edges higher above 1.2600 in early Asia. Governor Bailey's optimistic comments boosted the GBP. The major pair currently trades near 1.2625. On Tuesday, Governor Bailey testified on inflation and the economic outlook. Bailey said he was fine with investors betting on rate cuts this year, but pointed to indicators that the British economy was recovering after going into a recession in late 2023. He also noted that inflation does not need to go below 2% before rate cuts occur and that it is not unrealistic to anticipate a rate decrease this year but did not provide a precise timeframe.

**EUR:** EUR/USD climbed to a 2-week high just shy of 1.0840 on Tuesday after the USD broadly fell before recovering in the US session after American markets returned to the fold following an extended weekend. EUR/USD reclaimed the 1.0800 handle for the first time in a week as the pair grapples with jump-starting a bullish recovery. Markets gear up for the latest FOMC meeting minutes. European markets also buckle down for the wait to euro area PMI figures due on Thursday.

**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.

Source: Reuters.

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