

# GLOBAL MARKETS NEWSLETTER

Tuesday 27<sup>th</sup> February 2024

## Local Markets:

The Kenyan shilling slipped in quiet trade on Monday and is expected to fall further in to the next month as dollar demand is expected to pick up and the economic backdrop still looks challenging.

Today's expected USD/KES trading range is 143.50 – 149.00.

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	143.50	149.00			
GBP/KES	181.86	189.60	GBP/USD	1.2680	1.2660
EUR/KES	155.19	162.30	EUR/USD	1.0852	1.0827
INR/KES		1.8027	AUD/USD	0.6545	0.6570
			USD/INR	82.8870	82.8850
			Commodities		
			Gold	2,042.85	2,029.45
			Brent Crude	81.80	83.26

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.5895%	16.5539%	-
182 Days	16.7344%	16.7155%	-
364 Days	16.9194%	16.9188%	-
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%	
BOE RATE	5.25%	5.25%	07 <sup>th</sup> Mar, 24
RBI RATE	6.50%	6.50%	

## Top News

**Oil** prices on Tuesday mostly held onto gains made a day earlier amid attacks on shipping in the Red Sea that exacerbate supply worries. **Brent crude** futures fell to \$82.52/barrel, while U.S. WTI crude futures rose to \$77.59/barrel.

**Asia-Pacific markets** turned lower Tuesday, with Hong Kong stocks leading the declines and Japan's Nikkei 225 giving up gains from earlier in the session. Trading sentiment was subdued following a pause in Wall Street's rally on Monday as its key indexes retreated from record highs.

## International Markets

**USD:** Most Asian currencies rose slightly on Tuesday, taking relief from mild dollar declines before a key inflation reading set to offer more cues on U.S. rates this week. DXY and DXY futures both fell 0.1% each in Asian trade on Tuesday, with the greenback losing some ground in anticipation of key economic data.

**GBP:** GBP/USD pair extends the rally below 1.2700 in early Asia. FOMC minutes indicate the Fed has reaffirmed a data-driven approach, leading to more dovishness, which weighs on the USD and creates a tailwind for the pair. At press time, GBP/USD trades at 1.2685, gaining 0.02% on the day. A testimony to the UK Treasury committee by Governor Bailey and other policymakers last week prompted speculation of delayed rate cuts, which lift the GBP. Bailey said he would not forecast how many cuts there would be, but the bank was on a path toward lowering rates.

**EUR:** EUR/USD saw a thin start to a hectic week as markets eased into Monday action. EUR/USD rose around a quarter of 1% on Monday as technicals remain crimped ahead of a slew of price inflation and growth figures due on both sides of the pond. Tuesday kicks things off with US Durable Goods Orders, and Wednesday delivers EU Consumer Confidence and US GDP figures. Thursday sees the euro area make its late data entrance to the trading week with German Retail Sales and CPI. January's US PCE is also due Thursday.

**INR:** INR trades in negative territory on Tuesday amid dip-buying USD demand. The pair is expected to remain narrowly range bound due to USD inflows and potential RBI intervention. Analysts said the RBI bought the Dollar throughout last week to prevent INR from appreciating amid continuing inflows. INR is likely to have additional support from MSCI-rebalancing inflows with India expected to see \$1.2 Bn in passive inflows into equities after MSCI's quarterly review, beginning Feb 29. **Source: Reuters.**

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