

GLOBAL MARKETS NEWSLETTER

Wednesday 28th February 2024

Local Markets:

The Kenyan shilling weakened on Tuesday as demand for dollars from oil and manufacturing companies weighed on the local unit.

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 | 181.50 | 189.30 | GBP/USD | 1.2658 | 1.2680 |
| EUR/KES | 155.24 | 162.00 | EUR/USD | 1.0826 | 1.0852 |
| INR/KES | | 1.8021 | AUD/USD | 0.6514 | 0.6545 |
| | | | USD/INR | 82.9100 | 82.8870 |
| | | | Commodities | | |
| | | | Gold | 2,039.35 | 2,042.85 |
| | | | Brent Crude | 82.42 | 81.80 |

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 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% | |
| BOE RATE | 5.25% | 5.25% | 07 th Mar, 24 |
| RBI RATE | 6.50% | 6.50% | |

Top News

Oil prices pulled back in Asia on Wednesday as the prospect of a delay in the U.S. rate-cutting cycle and a rise in U.S. crude stocks offset a boost on Tuesday from news OPEC+ might extend its output cuts. Brent crude futures fell 30 cents to \$83.35/barrel, while U.S. WTI futures dropped 28 cents to \$78.59/barrel.

Asia-Pacific stock markets were mostly lower Wednesday as New Zealand's central bank kept its rates steady, while Hong Kong's property index rallied after the city's budget announcement. Hong Kong said it would do away with property curbs to buoy its real estate sector.

International Markets

USD: Most Asian currencies moved in a flat-to-low range on Wednesday, while USD strengthened as markets positioned for more cues on the U.S. economy and rates due later in the week. DXY and DXY futures rose 0.1% each in Asian trade, as traders steadily priced out expectations of early Fed rate cuts.

GBP: GBP/USD trades near 1.2685. US Q4 GDP growth will be due later today ahead of Catherine Mann's speech. BoE Deputy Gov. Dave Ramsden said Tuesday that inflationary pressures persisted, and he needed more data about how long they were expected to last before changing the BoE's policy stance. BoE forecasts that inflation will return to 2% in the Q2 2024 but will rise to around 2.75% later this year. Markets anticipate the BoE to begin rates cuts in August.

EUR: EUR/USD extends losses to near 1.0840 in Asia as traders adopt cautiousness ahead of the Eurozone Economic Sentiment Indicator for Feb and the preliminary Annualized US Q4 GDP. EUR could draw some gains from the recent comments made by President Lagarde on Monday. Lagarde said although inflation steadily approaches the bank's target, the ECB is committed to keeping its current policy measures unchanged for the foreseeable future. Commerzbank Economists emphasize the importance of Friday's inflation figures but see no discernible trend indicating a weaker EUR.

INR: INR edges lower on Wednesday amid modest USD recovery. The pair is likely to remain tight ranged due to USD inflows and the potential RBI intervention. According to the Deutsche Bank report, India's growth momentum holds up significantly better than expected despite the Russia-Ukraine war. Investors will take more cues from Indian GDP annual growth tomorrow, followed by the S&P Global Manufacturing PMI for Feb on Friday. If reports show stronger-than-expected results, this might boost the INR and act as a headwind for the pair. *Source: Reuters.*

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