

# GLOBAL MARKETS NEWSLETTER

Monday 11<sup>th</sup> March 2024

## Local Markets:

The Kenyan shilling strengthened on Friday, helped by commercial banks unwinding long dollar positions.

Today's expected USD/KES trading range is 138.40 – 143.60.

## Indicative FX rates as at 8.30am:

| Currency       | Buying | Selling | Currency           | Today    | Previous |
|----------------|--------|---------|--------------------|----------|----------|
| <b>USD/KES</b> | 138.40 | 143.60  |                    |          |          |
| <b>GBP/KES</b> | 177.82 | 185.00  | <b>GBP/USD</b>     | 1.2848   | 1.2808   |
| <b>EUR/KES</b> | 151.41 | 157.60  | <b>EUR/USD</b>     | 1.0940   | 1.0947   |
| <b>INR/KES</b> |        | 1.7400  | <b>AUD/USD</b>     | 0.6630   | 0.6630   |
|                |        |         | <b>USD/INR</b>     | 82.7070  | 82.7020  |
|                |        |         | <b>Commodities</b> |          |          |
|                |        |         | <b>Gold</b>        | 2,184.90 | 2,164.95 |
|                |        |         | <b>Brent Crude</b> | 81.61    | 83.43    |

## Benchmark Rates:

| Tenor                | Current  | Previous | Next meeting             |
|----------------------|----------|----------|--------------------------|
| <b>91 Days</b>       | 16.6597% | 16.5895% | -                        |
| <b>182 Days</b>      | 16.8477% | 16.7344% | -                        |
| <b>364 Days</b>      | 16.9845% | 16.9194% | -                        |
| <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 extended last week's losses on Monday on concern about slow demand in China, although lingering geopolitical risk surrounding the Middle East and Russia limited the decline. Brent futures fell 55 cents, or 0.7%, to \$81.53 a barrel at 0405 GMT, while U.S. WTI dropped 57 cents to \$77.44.

**Asia-Pacific share markets** sputtered on Monday while the dollar looked vulnerable ahead of a reading on U.S. inflation that could hasten, or delay, the start of global rate cuts. JPY edged higher as Reuters reported a growing number of BoJ policymakers warm to the idea of ending negative rates this month on expectations of hefty pay hikes in this year's annual wage negotiations.

## International Markets

**USD:** Most Asian currencies moved in a limited range on Monday, while the dollar languished near 2-month lows as markets awaited key U.S. inflation data for more cues on when the Fed will cut rates. DXY and DXY futures steadied above 102 on Monday, after clocking steep losses last week.

**GBP:** GBP/USD hovers around 1.2850 in Asia, potentially extending its winning streak that commenced on March 1. However, USD has received upward strength and recovered from Friday's intraday losses following upbeat US NFPs. GBP/USD continues to trade positive as markets widely anticipate the Fed to cut rates before the BoE. In Powell's testimony before Congress, he reiterated hints at potential cuts in borrowing costs sometime this year, emphasizing contingency upon inflation aligning with 2% target.

**EUR:** EUR/USD trades positive around the mid-1.0900s. The overall view of the US February NFPs suggested labor market activity in the US remains strong. With the prospect that the Fed will begin the first cut in June, this drags the Greenback lower against EUR. President Lagarde maintains a cautious tone, emphasizing that more evidence was needed before the ECB cut rates. Furthermore, Eurostat showed on Friday that the Eurozone Q4 2023 GDP was flat MoM and grew 0.1% YoY.

**INR:** INR trades stronger amid USD decline. The mixed US Feb labor data on Friday has exerted some selling pressure on the Greenback as it has triggered the possibility of a June rate cut. Markets estimate the Indian CPI for February to ease to 5.02% from 5.10% in Jan. Analysts believe that the upside risks to food inflation remain, and it should keep the RBI on the sidelines for longer with no urgency to cut rates. This, in turn, might boost the INR and act as a headwind for the USD/INR pair. *Source: Reuters.*

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