

GLOBAL MARKETS NEWSLETTER

Wednesday 13th March, 2024

Local Markets:

The Kenyan shilling inched higher against the dollar on Tuesday, touching its strongest level since May last year.

Today's expected USD/KES trading range is 136.40 – 140.00.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	136.40	140.00			
GBP/KES	174.50	179.80	GBP/USD	1.2791	1.2817
EUR/KES	149.07	153.70	EUR/USD	1.0928	1.0935
INR/KES		1.6943	AUD/USD	0.6616	0.6612
			USD/INR	82.8850	82.7610
			Commodities		
			Gold	2,164.45	2,182.20
			Brent Crude	82.54	82.47

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.6597%	16.5895%	-
182 Days	16.8477%	16.7344%	-
364 Days	16.9845%	16.9194%	-
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 rose on Wednesday on expectations of strong global demand, including in the world's top consumer the US, and as even somewhat sticky U.S. inflation did not significantly alter expectations the Fed might start cutting rates soon. May Brent futures rose, to \$82.38/barrel. April U.S. WTI crude contract gained 47 cents, to \$78.03/barrel.

Asia-Pacific share markets were mixed after Wall Street jumped overnight, following U.S. inflation that largely met expectations. U.S. CPI in February climbed 0.4% and 3.2% year over year, according to the Bureau of Labor Statistics.

International Markets

USD: Most Asian currencies crept lower on Wednesday, while the dollar retained some overnight gains after hotter-than-expected U.S. inflation kept fears of higher-for-longer interest rates in play. DXY and DXY futures fell slightly in Asian trade, but retained a bulk of their overnight gains after a stronger-than-expected reading on CPI.

GBP: GBP/USD holds below 1.2800 in early Asia. The firmer USD after the US February CPI drags the pair lower. Investors await the UK GDP growth number for Jan, forecast to grow by 0.2% MoM. GBP/USD currently trades around 1.2795, adding 0.02% on the day. Traders will also keep an eye on Construction Output, Goods Trade Balance, Industrial Production, and Manufacturing Production, due today. On Thursday, US Retail Sales for Feb will be in the spotlight.

EUR: EUR/USD floats near 1.0920 in Asian trading. The pair encountered volatility on Tuesday, primarily driven by the release of February's inflation data from Germany and the US. While German figures matched expectations, US inflation numbers exceeded expectations. ECB Governing Council member Francois Villeroy de Galhau stated that there is a consensus within the ECB to commence lowering interest rates in the spring, given the progress in tackling inflation. Villeroy de Galhau emphasized the ECB's ability to independently adjust rates, highlighting the institution's pragmatism regarding rate policy.

INR: INR trades negative today. The upbeat Indian Retail Inflation data for Feb provided some support to the currency and drags the pair lower. Renewed USD demand from importers, risk-averse sentiment, and potential RBI intervention might cap INR upside. Investors will monitor India's Wholesale Price Index of Food, Fuel, and Inflation on Thursday. US Retail Sales will be in the spotlight later on Thursday, estimated to improve to 0.8% MoM in Feb from a 0.8% drop in Jan.

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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