

GLOBAL MARKETS NEWSLETTER

Friday 18th March, 2024

Local Markets:

The Kenyan shilling was unchanged against the US dollar on Friday after hitting an 11-month high the day before.

Today's expected USD/KES trading range is 131.90 – 136.60.

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	131.90	136.60			
GBP/KES	167.94	174.40	GBP/USD	1.2735	1.2741
EUR/KES	143.58	149.30	EUR/USD	1.0887	1.0878
INR/KES		1.6516	AUD/USD	0.6565	0.6568
			USD/INR	82.8960	82.8940
			Commodities		
			Gold	2,150.65	2,173.00
			Brent Crude	85.74	85.25

Benchmark Rates:

Tenor	Current	Previous	Next meeting
91 Days	16.6976%	16.6597%	-
182 Days	16.8900%	16.8477%	-
364 Days	16.9889%	16.9845%	-
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%	20 th Mar, 24
ECB RATE	4.50%	4.50%	
BOE RATE	5.25%	5.25%	
RBI RATE	6.50%	6.50%	

Top News

Oil prices ticked up in Asia, extending last week's gains when prices rose nearly 4% on the view that supply was tightening, with risks heightened by further attacks on Russian energy infrastructure. Brent crude oil futures for May delivery climbed 32 cents, to \$85.66/barrel.

Asia-Pacific markets largely fell Friday after U.S. producer prices grew faster than expected 0.6% in February. Excluding food and energy prices, core PPI climbed 0.3% in February. Economists polled by Dow Jones had expected a 0.3% gain for headline PPI and a 0.2% increase for the core reading.

International Markets

USD: Most Asian currencies kept tight-ranged Monday, while USD steadied near 2-week highs as focus turned to central bank meetings helmed by the BoJ and Fed. DXY and DXY futures moved little in Asian trade, steadying near 2-week highs.

GBP: GBP/USD appears to reverse its decline initiated on Thursday, hovering around 1.2730 in Asia. However, the pair faced setbacks amidst market caution preceding the Fed rate decision on Wednesday. On the other side, Consumer Inflation Expectations, as released by the BoE on Friday, rose by 3.0%, showing a decrease from the previous uptick of 3.3%. This data prompted markets to increase their wagers on a BoE rate cut in June, potentially weakening the GBP and consequently pressuring GBP/USD downward.

EUR: EUR/USD trades softer below 1.0900 in early Asia. USD rebound above 103.50 weighs on the pair. Investors await the US FOMC rate decision on Wednesday, with no rate change expected. The ECB kept borrowing costs at record highs at its March meeting, but policymakers indicated they were discussing a first rate cut. ECB policymaker Pablo Hernandez de Cos said on Sunday the bank had made good progress in bringing down inflation and has started preliminary discussions about monetary easing. He added the bank could start cutting rates in June after Eurozone inflation falls.

INR: INR recovers lost ground amid the modest USD decline. INR recovery is bolstered by the positive economic outlook in the Indian economy and the continuous foreign inflows into government bonds. Foreign portfolio investors increased their holdings of Indian government bonds by roughly 50% since the index inclusion news less than six months ago. Nonetheless, the risk-averse environment, higher crude oil prices, and higher US bond yields might cap the upside of the INR and create a tailwind for the USD/INR pair. Investors will closely monitor the Fed interest rate decision on Wednesday, widely expected to keep rates steady. *Source: Reuters.*

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