

GLOBAL MARKETS NEWSLETTER

Tuesday 19th March, 2024

Local Markets:

The Kenyan shilling was steady on Monday with dollar inflows and importer demand matching.

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	1.2708	1.2735
EUR/KES	143.58	149.30	EUR/USD	1.0864	1.0887
INR/KES		1.6516	AUD/USD	0.6516	0.6565
			USD/INR	82.9480	82.8960
			Commodities		
			Gold	2,160.20	2,150.65
			Brent Crude	86.69	85.74

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 dipped on Tuesday due in part to the prospect of rising supply from Russia, slower-than-expected downstream demand in sectors such as jet fuel, and cautious trading ahead of the Fed's rates decision. Brent crude oil futures contract for May delivery slipped 15 cents to \$86.74/barrel, while U.S. WTI prices fell 14 cents to \$82.02.

Asia-Pacific markets largely fell Tuesday as investors assess central bank monetary policy decisions from the BoJ and the Reserve Bank of Australia.

International Markets

USD: Most Asian currencies fell on Tuesday as traders remained on edge before a Fed meeting this week, while the JPY weakened sharply after a historic rate hike by the BoJ. DXY and DXY futures rose about 0.2% in Asia, hitting a near 2-week high in anticipation of a Fed decision on Wednesday.

GBP: GBP/USD remains under selling pressure in early Asia. DXY uptick above 103.50 and higher US yields provide some support to the pair. Markets turn cautious ahead of the central bank meetings, including the BoE. UK inflation is moderating, but the BoE remains cautious in its approach until the CPI returns to 2%. BoE is likely to leave interest rates unchanged at 5.25% on Thursday but investors expect the bank to start cutting rates in August, with one or two further cuts by the end of the year.

EUR: EUR/USD edges lower to multi-day lows around 1.0870 on the firmer USD in early Asia. The Fed meeting on Wednesday will be in the spotlight, with no rate change expected. Meanwhile, the cautious mood in the market might lift the Greenback against EUR. The pair currently trades around 1.0872, unchanged for the day. ECB Governing Council member Klaas Knot penciled in June for a first-rate cut and expects three rate this year, while President Lagarde said June is the earliest it is likely to cut rates after the ECB lowered its inflation forecasts and estimated it will reach 2% target in 2025.

INR: INR weakens on Tuesday on USD purchases by state-run banks. The lower speculation that the Fed may cut rates in June provides some support to the Greenback and lifts USD/INR. The Fed is widely anticipated to hold rates steady for a fifth time on Wednesday and maintain a data approach to ensure inflation returns sustainably to 2%. Nonetheless, there is still a possibility that Fed officials might reduce the number of rate cuts to two from the three expected earlier this year. The US February Building Permits and Housing Starts are due on Tuesday.

Source: Reuters.

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