

GLOBAL MARKETS NEWSLETTER

Tuesday 26th March, 2024

Local Markets:

The Kenyan shilling hit a new one-year high against the dollar on Monday, extending a recent rally.

Today's expected USD/KES trading range is 129.90 – 133.60.

Indicative FX rates as at 8.30am:

| Currency | Buying | Selling | Currency | Today | Previous |
|----------------|--------|---------|--------------------|----------|----------|
| USD/KES | 129.90 | 133.60 | | | |
| GBP/KES | 164.26 | 169.40 | GBP/USD | 1.2647 | 1.2609 |
| EUR/KES | 140.87 | 145.40 | EUR/USD | 1.0848 | 1.0819 |
| INR/KES | | 1.6067 | AUD/USD | 0.6541 | 0.6522 |
| | | | USD/INR | 83.3470 | 83.4870 |
| | | | Commodities | | |
| | | | Gold | 2,173.45 | 2,168.20 |
| | | | Brent Crude | 86.14 | 85.28 |

Benchmark Rates:

| Tenor | Current | Previous | Next meeting |
|----------------------|----------|----------|--------------------------|
| 91 Days | 16.7306% | 16.6976% | - |
| 182 Days | 16.9137% | 16.8900% | - |
| 364 Days | 16.9890% | 16.9889% | - |
| KES INFLATION | 6.90% | 6.60% | 30 th Mar, 24 |
| KES CBR | 13.00% | 12.50% | |
| FED RATE | 5.50% | 5.50% | |
| ECB RATE | 4.50% | 4.50% | |
| BOE RATE | 5.25% | 5.25% | |
| RBI RATE | 6.50% | 6.50% | |

Top News

Oil prices were on track to gain for a second straight day after settling up more than a dollar on expectations of tighter supply driven by Russian production cuts and attacks on Russian refineries. Brent crude rose 23 cents to \$86.98/barrel. U.S. crude futures climbed 28 cents to \$82.23.

Asia-Pacific markets were mixed Tuesday as the U.S. market took a breather following a rally sparked by optimism over the Fed rate stance at its latest meeting. Sam Stovall, chief investment strategist at CFRA Research, noted that equities have gotten expensive, with the S&P now trading at a 33% premium to its average P/E ratio over the last 20 years.

International Markets

USD: Most Asian currencies tread water on Tuesday, taking little cheer from a softer dollar as traders remained cautious ahead of more cues on U.S. inflation and the Fed this week. DXY and DXY futures fell in Asian trade, extending overnight losses as the greenback saw some profit-taking after a melt-up to 1-month highs.

GBP: GBP/USD trades with a mild positive bias in Asia, albeit lacks follow-through buying and remains below mid-1.2600s, or the overnight swing high. The fundamental backdrop, meanwhile, favours bearish traders and warrants some caution before positioning for an extension of the recent bounce from 1.2475, a 5-week low touched last Friday. BoE's Bailey said last week that expectations of rate cuts this year were not unreasonable. This comes after two BoE policymakers, who previously voted for hikes, changed their positions to steady borrowing costs at 5.25%, which might continue to undermine the GBP.

EUR: EUR/USD struggles to capitalize on yesterday's goodish rebound from 1.0800, or a 3-week low, oscillating narrowly in Asia. Spot currently trades around 1.0840, nearly unchanged for the day and at the mercy of USD price dynamics. The pair is undermined by bets for a n ECB June rate cut. In fact, Bank of Italy Governor Fabio Panetta said Monday that the ECB is moving towards a rate cut as inflation is falling rapidly and approaching 2%.

INR: INR recovers some lost ground on Tuesday amid the weaker USD. Nonetheless, INR fell to an all-time low of 83.48 on Friday due to broad weakness in its Asian peers and the aggressive local demand for the USD. Meanwhile, the renewed USD demand and higher oil prices amid the escalating geopolitical tensions in the Middle East and Eastern Europe might drag the INR lower and cap the INR's upside for the time being. *Source: Reuters.*

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