

# GLOBAL MARKETS NEWSLETTER

Monday July 8<sup>th</sup>, 2024

## Local Markets:

The Kenyan shilling was unchanged in quiet trade on Friday as manufacturers' demand for hard currency fell significantly, while supply from tea exports and diaspora remittances remained strong.

Today's expected USD/KES trading range is 127.25 – 129.25

## Indicative FX rates as at 8.30am:

| Currency       | Buying | Selling | Currency           | Today   | Previous |
|----------------|--------|---------|--------------------|---------|----------|
| <b>USD/KES</b> | 127.25 | 129.25  |                    |         |          |
| <b>GBP/KES</b> | 162.75 | 166.20  | <b>GBP/USD</b>     | 1.2839  | 1.2789   |
| <b>EUR/KES</b> | 137.30 | 140.50  | <b>EUR/USD</b>     | 1.0854  | 1.0840   |
| <b>INR/KES</b> |        | 1.5544  | <b>AUD/USD</b>     | 0.6767  | 0.6780   |
|                |        |         | <b>USD/INR</b>     | 83.31   | 83.85    |
|                |        |         | <b>Commodities</b> |         |          |
|                |        |         | <b>Gold</b>        | 2381.87 | 2364.32  |
|                |        |         | <b>Brent Crude</b> | 86.34   | 87.13    |

## Benchmark Rates:

| Tenor                | Current  | Previous | Next meeting |
|----------------------|----------|----------|--------------|
| <b>91 Days</b>       | 15.9868% | 15.9771% | -            |
| <b>182 Days</b>      | 16.7951% | 16.7636% | -            |
| <b>364 Days</b>      | 16.8299% | 16.7911% | -            |
| <b>KES INFLATION</b> | 4.60%    | 5.1%     | 31st July 24 |
| <b>KES CBR</b>       | 13.00%   | 13.00%   |              |
| <b>FED RATE</b>      | 5.50%    | 5.50%    |              |
| <b>ECB RATE</b>      | 3.75%    | 4.00%    |              |
| <b>BOE RATE</b>      | 5.25%    | 5.25%    |              |
| <b>RBI RATE</b>      | 6.50%    | 6.50%    |              |

## Top News

**Oil:** Oil prices were little changed as investors eyed energy supply disruption, with the largest ports in Texas shut before Tropical Storm Beryl likely strengthens into a hurricane and makes landfall on Monday.

**Asia-Pacific markets:** Asia-Pacific markets opened mixed on Monday as investors awaited key economic data from the U.S. and China later this week, while election results in France overnight signaled a hung parliament.

## International Markets

**USD:** The dollar remained on the back foot following surprisingly soft U.S. payrolls data on Friday, which boosted bets for the Federal Reserve to start cutting interest rates as early as September.

**GBP:** The GBP/USD pair trades on a softer note, snapping the seven-day winning streak during the early Asian session on Monday. The recovery of the Greenback drags the major pair lower. However, the downside for the pair might be limited amid the rising bet that the Federal Reserve (Fed) will cut the interest rate in the third quarter.

**EUR:** EUR/USD halts its seven-day winning streak, trading above 1.083 during the Asian hours on Monday. The renewed demand for the US Dollar (USD) puts pressure on the EUR/USD pair. However, the decline in the US Treasury yields could limit the upside of the Greenback and put pressure on the pair.

**INR:** The Indian Rupee (INR) strengthens on Monday. The expectation that the US Federal Reserve (Fed) might cut the interest rate in September has lifted the INR. Lower US interest rates could boost capital flows into higher-yielding emerging market assets, benefiting the Indian Rupee. Additionally, the decline of crude oil prices from a four-week high supports the local currency and helps to alleviate the INR's depreciation, as India is the world's third-biggest oil importer and consumer.

Source: Reuters.

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