

# GLOBAL MARKETS NEWSLETTER

Tuesday August 6<sup>th</sup>, 2024

## Local Markets:

The Kenyan shilling firmed slightly in early trade on Monday and it was expected to strengthen further, fuelled by dollar inflows from the tea sector.

The shilling is yet to react to Fitch's sovereign rating downgrade on Friday.

Today's expected USD/KES trading range is 127.30/ 131.05

## Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
<b>USD/KES</b>	127.30	131.05			
<b>GBP/KES</b>	162.56	167.50	<b>GBP/USD</b>	1.2980	1.2756
<b>EUR/KES</b>	139.36	143.70	<b>EUR/USD</b>	1.0977	1.0937
<b>INR/KES</b>		1.5698	<b>AUD/USD</b>	0.6536	0.6410
			<b>USD/INR</b>	83.48	83.48
			<b>Commodities</b>		
			<b>Gold</b>	2399.19	2431.68
			<b>Brent Crude</b>	77.09	75.93

## Benchmark Rates:

Tenor	Current	Previous	Next meeting
<b>91 Days</b>	15.9884%	16.0000%	-
<b>182 Days</b>	16.8502%	16.8506%	-
<b>364 Days</b>	16.9206%	16.9212%	-
<b>KES INFLATION</b>	4.30%	4.60%	31st Aug. 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 climbed more than \$1 on Tuesday, paring the previous day's loss as concern that an escalating Middle East conflict could hit supplies outweighed fear of a possible U.S. recession that could hurt demand in the world's biggest oil consumer.

**Asia-Pacific markets:** Asia-Pacific markets were higher on Tuesday. Japan stocks rebounded sharply after the Nikkei 225 and the Topix dropped over 12% in the previous session.

## International Markets

**USD:** The U.S. dollar was nursing steep losses on Tuesday after a sharp rise in the previous session as traders contend with unwinding of popular carry trades and the prospect of deep rate cuts from the Federal Reserve.

**GBP:** The GBP/USD pair trades with mild losses near 1.2770 during the Asian trading hours on Tuesday. The modest recovery of the US Dollar (USD) helps limit the pair's losses after retracing to 1.2710 in the previous session.

**EUR:** EUR/USD scrambled for higher ground, launching bids into 1.1000 before settling back into a familiar range near 1.0950 and failing to set a fresh high for 2024. Broad-market expectations for rate cuts from the Federal Reserve (Fed) have run well ahead of the curve, with investors hoping for an initial double-cut from the Fed in September.

**INR:** The Indian Rupee (INR) recovers on Tuesday amid the decline of the US Dollar (USD). The improved risk sentiment helps emerging market currencies like the INR. However, the upside of the local currency might be limited as risk sentiment is likely to influence the markets. Additionally, the unwinding trade amid a rally in the Chinese Yuan and Japanese Yen could create a headwind for the Indian Rupee.

Source: Reuters.

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