

DAILY FX NEWSLETTER 20th December 2018

Local Markets:

The Kenyan shilling strengthened against the dollar on Wednesday due to tight liquidity in the money market and thin dollar demand from merchant importers ahead of the holiday season.

Top News:

- Asian shares retreated on Thursday after the US Federal Reserve raised rates, as expected and kept most of its guidance for additional hikes next year, dashing investor hopes for a more dovish policy outlook.
- Oil prices fell on Thursday to erase most of their gains from the day before, resuming declines seen earlier in the week amid worries about oversupply and outlook for the global economy.

International Markets:

USD: The dollar steadied in Asian trade on Thursday after the Federal Reserve stepped back from a more aggressive policy tightening path even as it gave markets the distinct impression of being much less cautious than they had anticipated. In a widely expected decision, the U.S. Central Bank hiked interest rates by 25 basis points, its fourth increase this year, while forecasting fewer rate increases in 2019 than it had at its September policy meeting.

GBP: Sterling action continues to edge into the bottom end ahead of Retail Sales, BoE MPS. Brexit developments have returned to a steady stream of vague optimism with little forward momentum on the horizon. GBP/USD continues to trade within the 1.2600 range, lifting to 1.2680 in early Wednesday trading, suffering a hit and sliding to 1.2600 after UK inflation slumped to a two-year low with annualized CPI clocking in at 2.3%, then catching a brief ride on the US Fed which raised rates as expected but dropped their expected 2019 rate hikes from three to two, then slumping once again despite greenback weakness to cap off a whippy Wednesday that went nowhere.

EUR: The EUR/USD pair moved to the downside after the Federal Reserve delivered a “dovish” rate hike. The pair was trading around 1.1430 and dropped quickly below 1.1400 following the release of the statement and the updated projections. It bottomed at 1.1380, approaching Asian session lows

Indicative FX rates as at 8.30am:

Currency	Buying	Selling	Currency	Today	Previous
USD/KES	101.50	102.10			
GBP/KES	128.10	129.00	GBP/USD	1.2650	1.2670
EUR/KES	115.50	116.50	EUR/USD	1.1390	1.1395
INR/KES		1.4610	AUD/USD	0.7100	0.7220
			USD/INR	70.30	70.10
			Commodities		
			Gold	1245	1251
			Brent Crude	56.30	56.60

T-Bills Rates:

Duration	Current	Previous
91 Days	7.348%	7.343%
182 Days	8.240%	8.239%
364 Days	9.591%	9.573%

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