

DAILY FX NEWSLETTER 21st December 2018

Local Markets:

The Kenyan shilling extended gains against the dollar on Thursday due to tight money market liquidity as banks sold dollars to meet shilling reserve requirement amid flat dollar demand from oil importers.

Top News:

- Global stocks were sailing into Christmas on a sea of red Friday, as the threat of a U.S government shutdown and of further hikes in the U.S borrowing costs inflamed investor unease over the economic outlook.
- Oil prices climbed on Friday after tumbling 5 percent in the last session, with OPEC production cuts that start next month seen being deeper than previously expected.

International Markets:

USD: The dollar hovered near a one-month low against its peers on Friday, weighed down by a subdued outlook toward U.S. interest rates and the economy, while risk aversion in the broader markets boosted the yen. The dollar index against a basket of six major currencies stood near 96.30 after falling to 96.168 overnight, its lowest since Nov. 20. The index has lost roughly 1.2 percent this week. The greenback has slumped after the Federal Reserve signaled fewer interest rate hikes over the next few years than it previously projected and helped push long-term U.S. Treasury yields to near nine-month lows.

GBP: GBP/USD witnessed good two-way trading in Asia this Friday, now heading back towards the NY lows near 1.2625, as we progress towards the European opening bells. The spot failed several recovery attempts near 1.2675 region, as the USD buyers returned amid an uptick in Treasury yields and risk-off action in the Asian equities. The US dollar staged a rebound across its main competitors, with the USD index testing into 96.50 from monthly lows of 96.17.

EUR: The EUR/USD closed above the 55-day exponential moving average (EMA) yesterday, confirming a bullish-to-bearish trend change. The EMA caught highs on a closing basis in October, November and earlier this month. Hence, the EUR bulls may be feeling emboldened.

Indicative FX rates as at 8.30am:

<i>Currency</i>	<i>Buying</i>	<i>Selling</i>	<i>Currency</i>	<i>Today</i>	<i>Previous</i>
USD/KES	101.20	101.70			
GBP/KES	128.00	128.90	GBP/USD	1.2671	1.2670
EUR/KES	115.80	116.60	EUR/USD	1.1460	1.1395
INR/KES		1.4700	AUD/USD	0.7120	0.7220
			USD/INR	69.90	70.10
			<i>Commodities</i>		
			Gold	1260	1251
			Brent Crude	54.60	56.60

T-Bills Rates:

<i>Duration</i>	<i>Current</i>	<i>Previous</i>
91 Days	7.341%	7.348%
182 Days	8.257%	8.240%
364 Days	9.735%	9.591%

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