

DAILY FX NEWSLETTER 18th December 2019

Local Markets:

The Kenya shilling KES was stable against the dollar on Tuesday supported by inflows from tourism and diaspora remittances amid thin dollar demand from the energy sector.

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	101.80			
GBP/KES	132.75	133.55	GBP/USD	1.3120	1.3300
EUR/KES	112.70	113.50	EUR/USD	1.1144	1.1165
INR/KES		1.4502	AUD/USD	0.6861	0.6880
			USD/INR	70.97	70.85
			<i>Commodities</i>		
			Gold	1480	1477
			Brent Crude	65.86	65.37

T-Bills Rates:

<i>Duration</i>	<i>Current</i>	<i>Previous</i>
91 Days	7.151%	7.162%
182 Days	8.107%	8.201%
364 Days	9.798%	9.804%

Top News:

- Oil retreated on Wednesday after rising more than 1% in the previous session as U.S. industry data showed a surprise build in crude stocks but hopes for firmer demand next year checked a deeper fall in prices.
- Gold prices were little changed on Wednesday as mixed messages on the U.S-China trade deal countered positive economic data out of the United States.

International Markets

USD: The U.S. dollar rose modestly on Tuesday, lifted by a dramatic slide in the pound after British Prime Minister Boris Johnson put a no-deal exit from the European Union back on the table. Britain on Tuesday set a hard deadline of December 2020 to reach a new trade deal with the EU, trying to pressure Brussels to move more quickly to seal an accord.

GBP: The British pound fell on Wednesday in Asia as Brexit risks blew up again. The GBP/USD pair fell 0.2% to 1.3098 after falling more than 1% in the previous session. Risks of a no-deal Brexit resurfaced again after reports in the U.K. said Prime Minister Boris Johnson will change the law to ensure that the transitional phase of relations between the U.K. and EU ends as scheduled on Dec. 31.

EUR: EUR/USD is reporting losses, having faced rejection at the 200-day MA in Asia. That long-term average is the level to beat for the bulls. An above-forecast German IFO is needed to lift the pair above the 200-day MA. ECB's Lagarde is unlikely to sound dovish. The selling interest in EUR/USD has picked up pace following repeated failures to beat the 200-day moving average a resistance and a bigger slide could unfold in Europe if key German data disappoints expectations.

INR: The rupee on Wednesday opened 5 paise down at 71.03 against dollar due to some selling in the American currency by banks and exporters. Rupee consolidated in a narrow range for a second successive session on Tuesday despite gains in domestic equities, but lack of cues on the domestic front kept the overall momentum low.

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