

U.S. dollar drops after Fed keeps rates unchanged Source:

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The U.S. dollar dropped against the euro as the Federal Reserve leaves the interest rates unchanged after the Federal Open Market Committee meeting. The U.S. dollar hit 98.7 ahead of Fed statements amidst the expectations being low for Fed to raise the rate any sooner. On the same day, the U.S. new home sales were greatly improved at 544,000 units, up 10.8%, much above 500,000 units expected. Also, the new home sales in November were revised up 1,000 units to 491,000. The dollar shortened its loss slightly after the upbeat data release.

However, the Federal Reserve froze the benchmark rate at 0.25-0.50% and added that the federal funds rate will be likely to remain for some time, and only be gradually increased based on global economic and financial developments, kept the dollar lower.

The greenback fell 0.40% itself, and EUR/USD gained +0.19% at 1.0893.

Kiwi holds steady after RBNZ keeps the rate at 2.5%

The New Zealand dollar slid against the U.S. dollar on Wednesday after the Reserve Bank of New Zealand decided to hold the official cash rates at 2.5%. The RBNZ froze the rate but also indicated that further rate cut may be necessary, weakened the currency. NZD/USD hit 0.6472 in late Asian trade, down 0.28%. AUD/NZD also gained after the RBNZ statement, up 0.61% at 1.0843. Meanwhile in Australia, the consumer price index rose 0.4% for the fourth quarter, slightly higher than 0.3% seen, up 1.7% in yearly basis.

Sterling falls against the greenback as U.K. pushes Brexit The British pound slid lower against

the U.S. dollar after the announcement that U.K Prime Minister David Cameron and Germany Prime Minister Merkel agreed on the progress of Brexit negotiation. David Cameron is to make a last-ditch appeal to Jean-Claude Juncker to save his EU renegotiation after talks became deadlocked over the issue of migration and benefits.

GBP/USD fell 0.73%, traded at 1.4244. **Oil prices settles and supports Canadian dollar** The commodity-related Canadian dollar retreated against the dollar as the oil prices rebounded above \$32 a barrel on Tuesday. USD/CAD traded at 1.4098, down 0.13%.

Elsewhere, Japanese yen recovered loss created from the oil prices drop after the U.S. Federal Reserve decided to keep the fund rate for quite some time. USD/JPY was up 0.19%, traded at 118.64. Market participants were attentive ahead of the conclusion of the Bank of Japan's meeting on Friday.