

## KEY HEADLINES:

- The British pound slipped early on Wednesday after a poll showed a narrowing lead for Prime Minister Boris Johnson's Conservative Party in an election later in the week, while U.S. dollar movement looked to the Federal Reserve's policy meeting. Investors were also focusing on what U.S. President Donald Trump will do with U.S. tariffs on nearly \$160 billion worth of Chinese consumer goods, due to set in on Dec. 15. Investors have generally believed the tariffs would be at least postponed to salvage a trade deal with China. "It is calmness before storm. Markets have long believed the additional tariffs will be avoided," said Ayako Sera, market economist at Sumitomo Mitsui Trust Bank. Sterling fell 0.25% to \$1.3122 GBP, giving back about a cent after hitting an 8 1/2-month high of \$1.3215 on Tuesday.
- Growth of U.S. labor costs was not as robust as initially thought in the third quarter, suggesting inflation could remain tame in the near term. The sharp downward revision to labor costs, reported by the Labor Department on Tuesday, also pointed to some easing of the squeeze on profit margins. Corporate profits have been reduced by strong labor cost growth that has outpaced revenue. With worker productivity still sluggish, however, the pace of growth in labor costs is likely to remain solid.
- The U.S. dollar edged lower on Tuesday, as uncertainty over whether the U.S. would delay planned tariffs on imports from China continued to weigh on sentiment. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, fell by 0.17% to 97.48. Larry Kudlow, President Donald Trump's top economic advisor, reportedly said he could not confirm the further tariffs on China would be delayed. That offset positive news on trade amid a Wall Street Journal report suggesting that the U.S. was mulling a delay to imposing tariffs on China. Without a deal nor a delay to tariffs before the Dec. 15 deadline, the U.S. is slated to impose tariffs on another \$156 billion on Chinese goods.

## Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Core CPI (MoM) (Nov)	USD	0.2%	0.2%	HIGH
Crude Oil Inventories	USD	-2.763M	-4.856M	HIGH

### **Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.02	70.90	70.80	71.10	71.20	Sideways
EURINR FUTURE	78.78	78.65	78.55	78.90	79.02	BULLISH
GBPINR FUTURE	93.64	93.45	93.30	93.85	94.00	Sideways
JPYINR FUTURE	65.54	65.45	65.35	65.65	65.75	Sideways

#### **RESEARCH BONANZA FOREIGN CURRENCY SEGMENT**

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*Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>*

*SEBI Regn. No.: INM000012306 | NSE CM: INB 230637836 | NSE F&O: INF 230637836 | NSE CDS: INE 230637836 |*

*BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836*

*| CDSL: a) 120 33500 |*

*NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186*

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