

## KEY HEADLINES:

- The Swiss Franc's stellar performance should be of no surprise by now as the currency continues to defy gravity and traders seeking out swap dividends through short exposure are getting trounced. Despite the chatter of lower rates by the BoE this year as evidence through dovish remarks by members of the committee and poor growth numbers mount, the Pound managed to print some solid gains, with another important test today via the UK CPI figures. The market is pricing a 50/50 chance of lower rates by the BoE by the next meeting in February.
- The decks are being cleared for the signing of "phase one" of a trade agreement between the US and China. With translations done, both sides are ready for the signing in Washington tomorrow. The US has even sweetened the deal by removing China from its "currency manipulator" list (which it was put on back in August). This was an easy win for both sides as no reasonable assessment of the yuan would suggest that the PBoC has been manipulating it (if anything the opposite). So for the US to magnanimously remove this status is simply good optics in front of the deal which helps relations, but effectively achieves little other than improve relations between the two
- Following the United States' assassination of Iranian Quds Force commander Qassem Suleimani and Iran's initial retaliation against two Iraqi bases housing US troops, financial markets moved into risk-off mode: oil prices spiked by 10%, US and global equities dropped by a few percentage points, and safe-haven bond yields fell. In short order, though, despite the continuing risks of a US-Iran conflict and the implications that it would have for markets, the view that both sides would eschew further escalation calmed investors and reversed these price movements, with equities even approaching new highs.

## Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
French Final CPI m/m	EUR	0.4%	0.4%	MEDIUM
CPI y/y	GBP	1.5%	1.5%	HIGH
PPI Input m/m	GBP	0.2%	-0.3%	MEDIUM
Core PPI m/m	USD	0.2%	-0.2%	MEDIUM
Crude Oil Inventories	USD	0.4M	1.2M	MEDIUM

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

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	70.98	70.90	70.80	71.10	71.20	Sideways
EURINR FUTURE	79.10	79.00	78.90	79.25	79.40	BULLISH
GBPINR FUTURE	92.23	92.10	92.00	92.40	92.55	BULLISH
JPYINR FUTURE	64.60	64.50	64.40	64.70	65.80	Sideways

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

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