

KEY HEADLINES:

- The dollar edged lower against a basket of currencies on Friday as news of an initial China-U.S. trade deal and an election victory for Britain's Brexit-backing Conservative Party appeared to clear the fog on the global investment horizon, hurting safe-haven demand for the greenback. The United States and China cooled their trade war, announcing a "Phase one" agreement that reduces some U.S. tariffs in exchange for increased Chinese purchases of American farm products and other goods. United States would suspend tariffs on Chinese goods due to take effect on Sunday, and reduce others, officials said. A deal is expected to be signed the first week of January in Washington by principal negotiators.
- India's retail price inflation in November jumped to a 40-month high on higher food prices, reducing the likelihood of the central bank cutting interest rates in the next policy meeting in February. Food inflation rose sharply as unusually heavy rains at the end of the monsoon season hit crop yields and caused a spurt in prices of vegetables such as onions. This is the second month in a row when the retail inflation has remained above the central bank's medium-term target of 4%. Annual retail inflation increased to 5.54% last month, faster than the 4.62% rate in October and ahead of 5.26% forecast in a Reuters poll of analysts.
- China's Commerce Ministry said it has agreed with the U.S. on a text for a phase-1 trade deal, according to the Chinese English-language paper Global Times. The text "includes nine chapters, including intellectual property rights, technology transfer, food and agriculture, financial services, exchange rate and transparency, expanding trade, bilateral evaluation, dispute settlement and final agreement," the GT said, without providing details. There was, however, still no joint statement on what has actually been agreed. The Chinese comments come only a few minutes after President Donald Trump denied via Twitter reports suggesting that he was willing to cut import tariffs on Chinese goods in stages in return for commitments to buy U.S. agricultural goods.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
WPI Inflation (YoY) (Nov)	INR	0.74%	0.16%	MEDIUM
German Manufacturing PMI (Dec)	EUR	44.5	44.1	HIGH
Composite PMI	GBP		49.3	HIGH
Manufacturing PMI	GBP		48.9	HIGH
Services PMI	GBP		49.3	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	70.92	70.80	70.70	71.00	71.10	Sideways
EURINR FUTURE	79.34	79.15	79.00	79.55	79.70	BULLISH
GBPINR FUTURE	94.91	94.60	94.40	95.20	95.40	BULLISH
JPYINR FUTURE	64.77	64.65	64.55	64.90	65.00	Sideways

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