

KEY HEADLINES:

- The United States must supply the right products at the right prices to make it possible for China to honour its commitment under last week's trade deal, a group of Chinese scholars said on Monday. As part of the phase one trade deal signed in Washington last week, China agreed to buy an additional US\$200 billion worth of American goods and services over the next two years, including US\$32 billion worth of agricultural products. But scepticism remains over whether China can deliver the promised purchases as it would translate into a significant increase from a base of just US\$19.6 billion worth of agricultural purchases in 2017. "First of all, we will do our best [to increase purchases]; but the second point is that the US must provide good products at competitive prices," said former vice-commerce minister Wei Jianguo, adding that China's promised purchases of US farm goods is not a "one-sided obligation".
- Policymakers Silvana Tenreyro and Gertjan Vlieghe both said they would back further stimulus measures from the central bank as the UK economy continues to struggle. The central bank was also further pressured to lower its interest rates after Friday's dismal December UK retail sales figures. Thomas Pugh, an economist at Capital Economics UK, said: "December's outright fall in retail sales, despite a boost from the lateness of Black Friday, does not bode well for GDP growth in December and could nudge the MPC yet closer still to cutting rates at the end of the month".
- As we enter 2020, the Fed perceives its outlook for interest rates to be broadly neutral. The markets agree, but only for the next few months. In the second half of 2020, futures suggest the Fed may need to cut again. Here are some of the key metrics that the Fed will be monitoring as 2020 progresses. The main source of concern in the U.S. currently, and to a similar extent globally, is manufacturing weakness. The Fed noted particular weakness in agriculture and oil and gas, but the manufacturing weakness appears broad-based currently.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Average Earnings Index 3m/y	GBP	3.1%	3.2%	MEDIUM
Claimant Count Change	GBP	33.4K	28.8K	MEDIUM
Unemployment Rate	GBP	3.8%	3.8%	MEDIUM
German ZEW Economic Sentiment	EUR	15.2	10.7	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.17	71.05	70.95	71.30	71.40	BULLISH
EURINR FUTURE	78.98	78.90	78.80	79.10	79.25	BULLISH
GBPINR FUTURE	92.51	92.40	92.25	92.70	92.85	BULLISH
JPYINR FUTURE	64.63	64.50	64.40	64.75	64.85	BULLISH

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