

KEY HEADLINES:

- The Federal Reserve’s annual reshuffle of its rate-setting committee means two dissenters will no longer cast votes, and a seemingly more unified group could be left to face a new challenge early in the year — the possible emergence of inflation. Chairman Jerome Powell, after the central bank’s December meeting, made clear that the Fed would keep its policy on hold and remain on the sidelines, unless the outlook for the economy changes or there is a significant and persistent change in inflation. Minutes from that meeting are expected to be released Friday afternoon.
- China’s official Purchasing Managers’ Index for manufacturing came in slightly above expectations at 50.2 for the month of December, the country’s statistics bureau said on Tuesday. Economists polled by Reuters expected the official December manufacturing PMI to come in at 50.1. Manufacturing PMI was 50.2 for the month of November, said China’s National Bureau of Statistics. The data comes as the U.S. and China remain locked in a long-drawn trade dispute that has weighed on sentiment. On December 13, the U.S. and China announced that they had reached a phase one trade deal including some tariff relief, increased agricultural purchases and structural change to intellectual property and technology issues.
- The EURUSD is testing a resistance area I’ve mentioned several times over the last two months. This descending channel top around 1.1200 is the same one I pointed out as the EURUSD was breaking higher on October 10th. Now, here’s where things get interesting. On the one hand, the EURUSD has closed above the recent highs at 1.1175. Note how 1.1175 has capped every advance from the euro since mid-October. But on the other, the descending channel top that extends from the 2019 high is still intact as resistance. Notice how Monday’s session failed to close above 1.1200.
- The Chicago Business Barometer™, produced with MNI, rose 2.6 points in December, hitting a four-month high of 48.9. Business sentiment dropped by 1.2 points to 46.2 in Q4, marking the lowest quarterly reading since Q2 2009. The index was below the 50-mark for the second successive quarter. Among the main five categories, Supplier Deliveries and Production led the increase, rising to 55.4 and 47.2 respectively. Production gain 4.9 points to 47.2, hitting the highest level since August.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
HPI m/m	USD	0.4%	0.6%	MEDIUM
S&P/CS Composite – 20 HPI y/y	USD	2.1%	2.1%	MEDIUM
CB Consumer Confidence	USD	128.0	125.5	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.53	71.40	71.30	71.65	71.75	Sideways
EURINR FUTURE	80.19	80.10	80.00	80.30	80.40	Sideways
GBPINR FUTURE	93.87	93.70	93.55	94.05	94.20	Sideways
JPYINR FUTURE	65.60	65.50	65.40	65.70	65.80	Sideways

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