

### The Day So Far

Cautious tone across markets this morning following the inability of US equities to hold on to their European session highs. The S&P fell 20 points from the 17:00 highs through to the US close as the skittishness in equities this month continues as we move to within a month from the FOMC meeting. I stick to the view that choppy, sideways markets are likely through to the year end, although much depends on crude, which continues to bounce this morning back above the \$42 handle. The API inventories released last night finally showed a reduction in stockpiles by 482k, providing some short-term respite to the commodity, although the \$40-\$50 range, with an outside chance of further downside, is likely to hold for the medium term as inventories stabilise. At the moment, a meaningful cut to production by either the US shale producers or the OPEC cartel remains an outlier so more emphasis will be placed on inventory levels, therefore all eyes on the DOE release later today. The futures contract rolled over last night and we are now trading with the January contract (F6).

### The Afternoon View

The DOE inventory release the highlight of an otherwise quiet calendar, with just Building Permits and Housing Starts at 13:30 BST. Looking ahead, the FOMC meeting minutes from October are revealed today at 18:00. This meeting culminated in a hawkish statement and all the Fed members since have been keen to stay 'on message' in tone, broadly delivering a hawkish rhetoric to match the statement and preparing the markets for a December hike. As such, we are short the euro once more, yesterday's entry worked well in quiet markets and today's entry is just below the 1.07 handle. Short S&P from 2062, short crude from the \$43 handle and short t notes complete the strategy for today. Looking for t notes to continue to weaken ahead of the FOMC meeting minutes after the European close.

### Key Headlines

#### Market Sentiment: Bearish

- German 2yr yields -0.38%, record lows
- Bloomberg Commodity Index at sixteen year lows

### Major Data Releases

Data	Expected	Previous
Housing Starts (Oct) M/M	-3.80%	6.50%
Building Permits (Oct) M/M	3.80%	-5.00%
DOE US Crude Oil Inventories	1750k	4224k



Strategy	Short
Entry	1.0696
1 <sup>st</sup> Target	1.0659
2 <sup>nd</sup> Target	1.0634
Stop	1.0712

Key Levels	Comments
1.0720	R2
1.0712	Support on 12 <sup>th</sup>
1.0696	Today's High
1.0683	R1
1.0659	Pivot
1.0634	Yesterday's Low



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Strategy	Short
Entry	126.295
1 <sup>st</sup> Target	126.200
2 <sup>nd</sup> Target	126.100
Stop	127.050

Key Levels	Comments
127.050	R2
126.295	R1
126.200	Pivot
126.125	S1
126.100	Yesterday's Low
126.030	S2

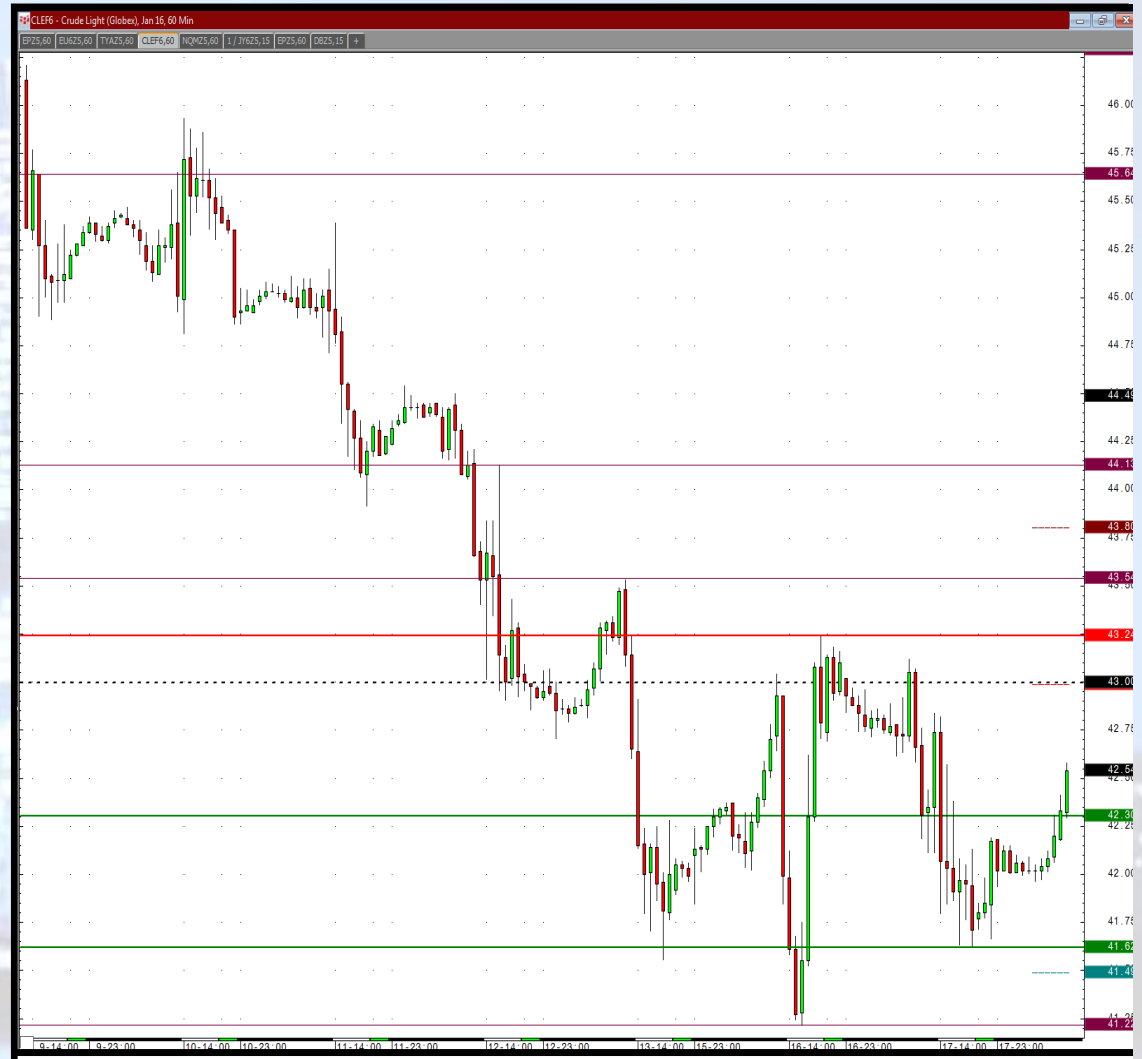
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Strategy	Short
Entry	43.00
1 <sup>st</sup> Target	42.30
2 <sup>nd</sup> Target	41.62
Stop	43.24

Key Levels	Comments
43.24	High of 16 <sup>th</sup>
43.00	Handle Resistance & R1
42.30	Pivot
41.62	Yesterday's Low
41.49	S1
41.22	Low of 16 <sup>th</sup>



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