

### The Day So Far

Strong bounce in equities this morning led by crude, which enjoyed a \$1.5 dollar rebound after briefly breaking below the \$35 handle. This move was sparked partly by speculation that OPEC were set to have an emergency meeting to discuss the plunge in Brent crude below \$37 and also by the fact that it had hit its lowest level since 2008, including a fall of almost 20% in December alone. While the supply situation remains bleak for the bulls in the short to medium term, a rally from these lows should not be ruled out.

In the currency space, the dollar has shown signs of a recovery against the euro this morning, with EUR/USD retracing from just below the 1.11 handle. This was also the low following the ECB QE announcement back in January, in the middle of the yearly range and a good place for those long the euro from the double-bottom at 1.05 handle to exit as we close in on the FOMC meeting tomorrow. This is despite the German ZEW survey coming in at a three month high for December, while we saw strong selling in fixed income ahead of the Fed and on the back of the considerable rebound in crude this morning. Meanwhile, cable is oscillating within a tight range this morning after UK CPI was in line with expectations for November, rising a meagre 0.10%.

### The Afternoon View

A couple of major data points for the FOMC to ponder when they begin their two-day meeting today, with Empire Manufacturing and US CPI scheduled for release at 13:30GMT. While neither of these releases is likely to have any impact on the Fed's decision tomorrow, it is interesting to note that the Fed is expected to raise rates for the first time since 2006 while CPI is stuck at 0.00% on a month on month basis. This should give Yellen & Co. cover to calm the markets with dovish guidance and to downplay the prospect of an aggressive hiking cycle in 2016. As such, we are turning more constructive on equities in the short term, and short t-notes as crude continues to rebound. Regarding crude, long from pivot was the preferred entry for today but it looks like the trade has gone so we recommend shorting from R2/ \$38 handle instead.

### Key Headlines

#### Market Sentiment: Bullish

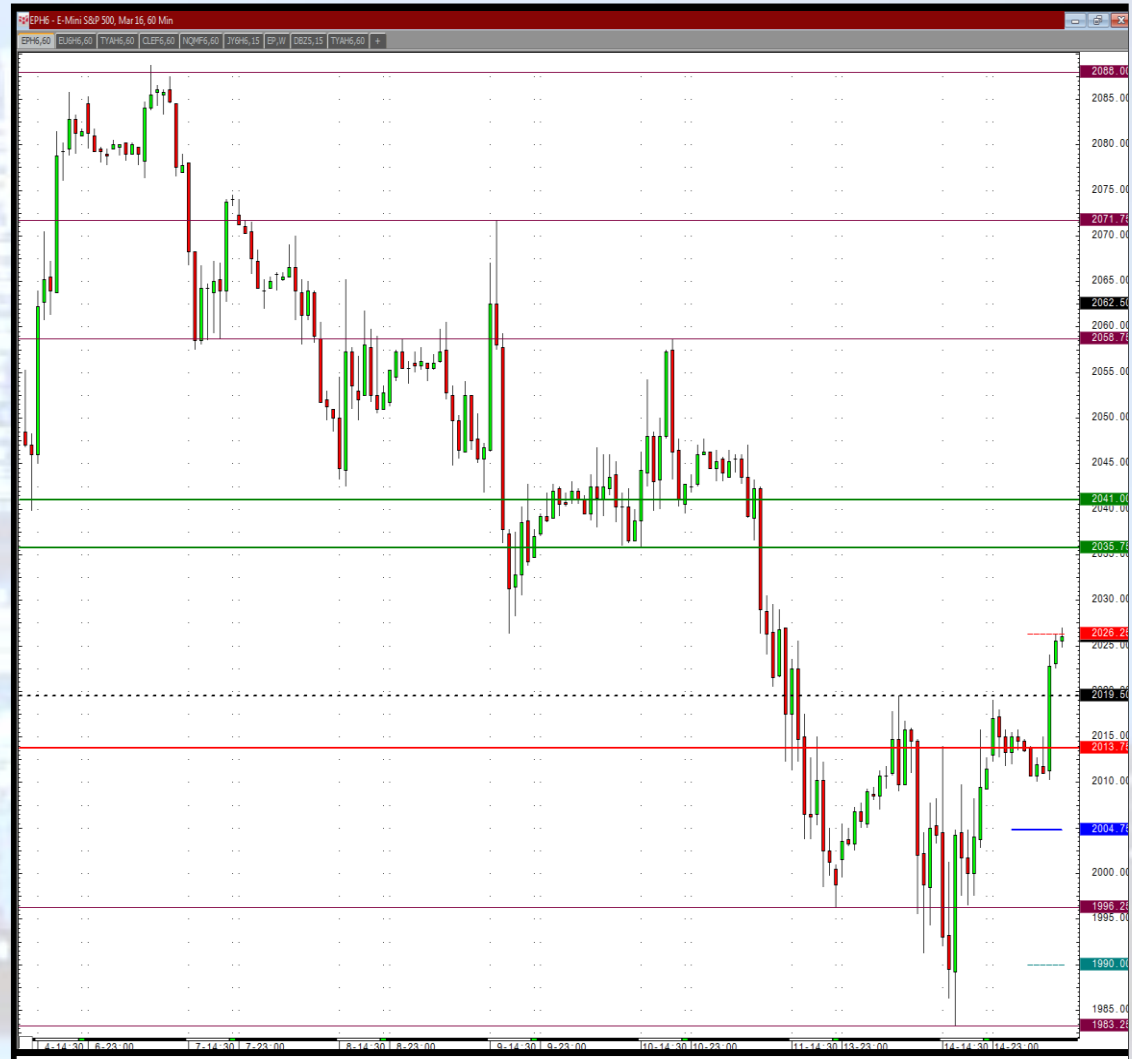
- UK CPI climbs 0.10% month-on-month in November
- German ZEW survey hits three month high
- WTI rebounds \$2.5 from yesterday's lows

### Major Data Releases

Data	Expected	Previous
Empire Manufacturing (Dec) m/m	-7	-10.74
US CPI (Nov) m/m	0.00%	0.20%
US CPI Ex Food and Energy m/m	0.20%	0.20%

Strategy	Long
Entry	2019.50
1 <sup>st</sup> Target	2035.75
2 <sup>nd</sup> Target	2041.00
Stop	2013.75

Key Levels	Comments
2041.00	R2
2035.75	Low of 10 <sup>th</sup>
2026.25	R1
2019.50	High of 14 <sup>th</sup>
2013.75	Resistance on 14 <sup>th</sup>
2004.75	Pivot

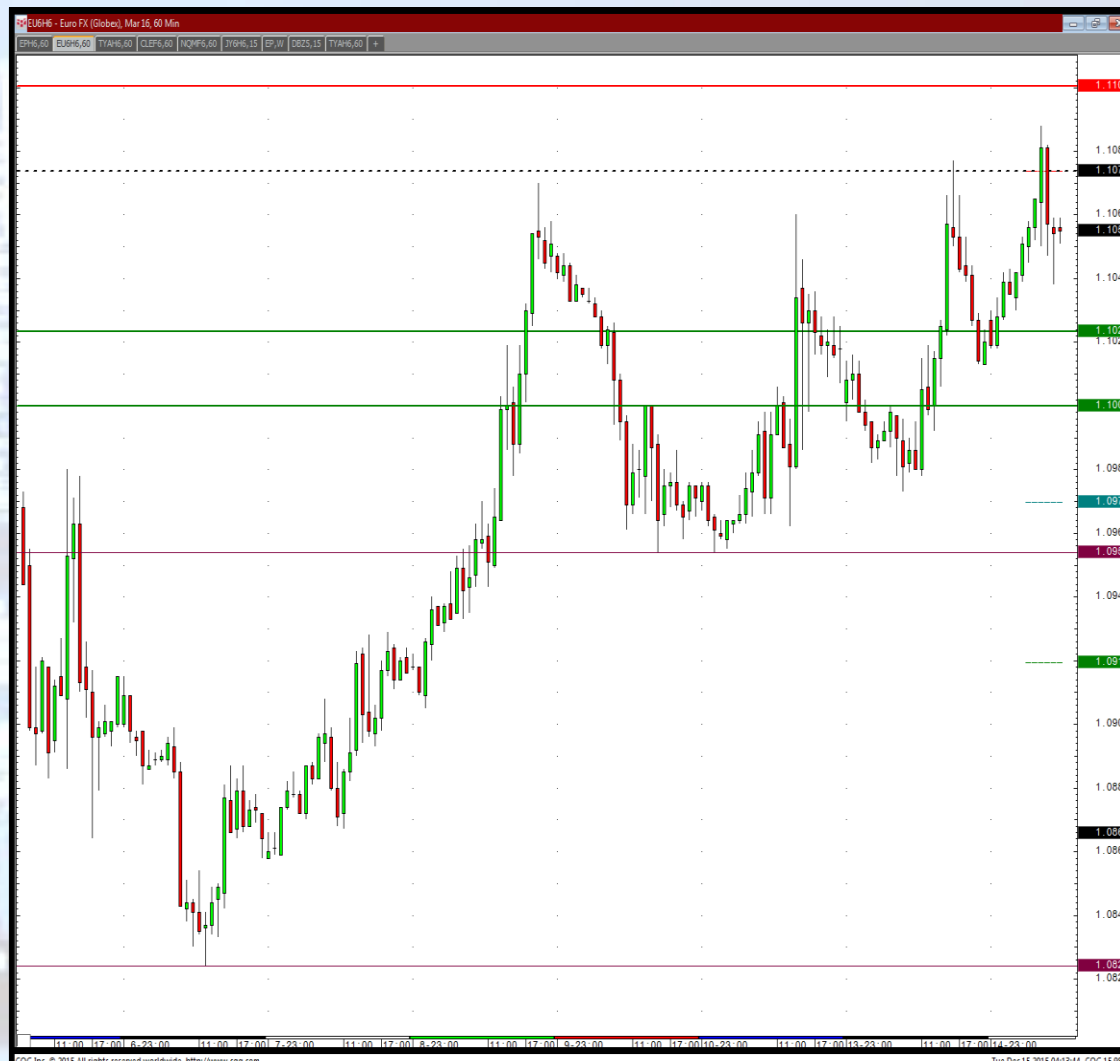


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*Please see page 5 for more information*

Strategy	Short
Entry	1.1074
1 <sup>st</sup> Target	1.1023
2 <sup>nd</sup> Target	1.1000
Stop	1.1100

Key Levels	Comments
1.1100	Handle Resistance
1.1074	R1
1.1023	Pivot
1.1000	Pivot
1.0970	S1
1.0954	Low of 10 <sup>th</sup>



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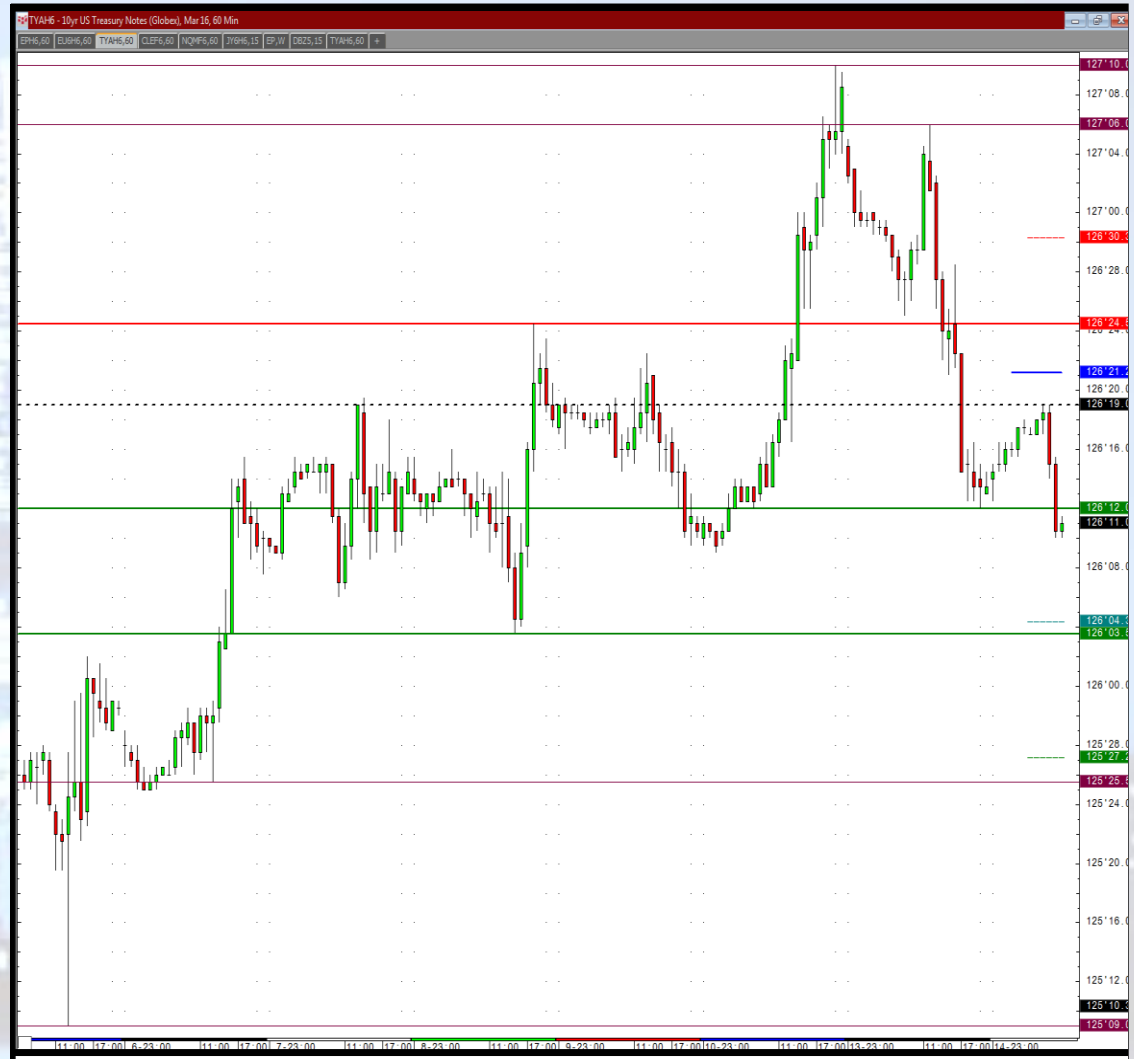
*Please see page 5 for more information*

Strategy	Short
Entry	126.190
1 <sup>st</sup> Target	126.120
2 <sup>nd</sup> Target	126.035
Stop	126.245

Key Levels	Comments
126.305	R1
126.245	High of 9 <sup>th</sup>
126.210	Pivot
126.190	Today's High
126.120	Yesterday's Low
126.045	S1
126.035	Low of 9 <sup>th</sup>

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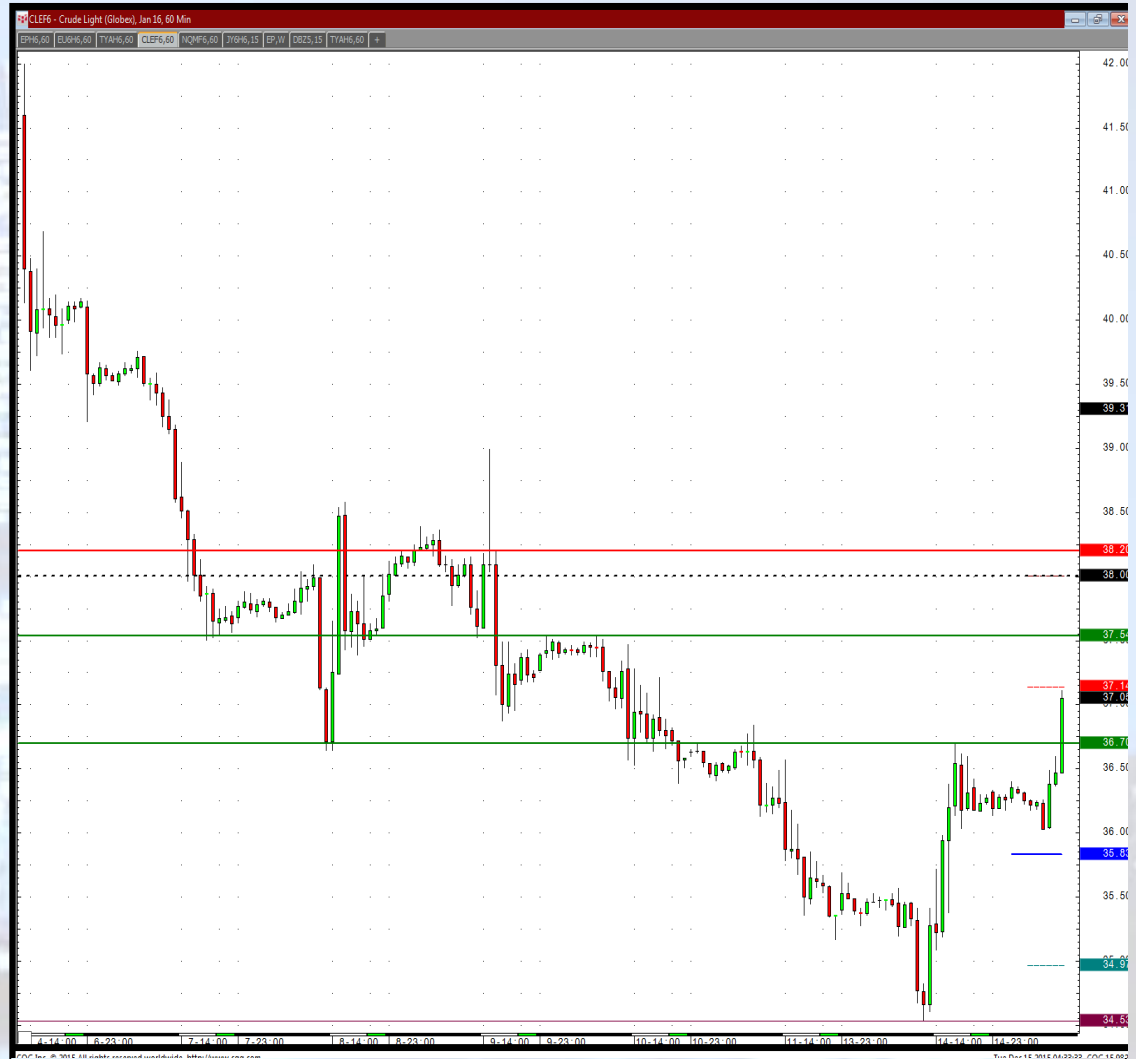


Strategy	Short
Entry	38.00
1 <sup>st</sup> Target	37.54
2 <sup>nd</sup> Target	36.70
Stop	38.20

Key Levels	Comments
38.20	Resistance on 9 <sup>th</sup>
38.00	Handle & R2
37.54	High of 10 <sup>th</sup>
37.14	R1
36.70	Yesterday's High
35.83	Pivot
37.94	S1

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