

## The Day So Far

Markets have shrugged off yesterday's very poor ISM Manufacturing survey reading, sub-50 for the first time since 2012, primarily because manufacturing's share of the country's GDP stands at 17%, its lowest contribution to US growth in the post-WWII era. The S&P enjoyed a strong move to 2100 through to the US close, and is consolidating above the 2100 handle this morning as investors steel themselves for 'Super' Mario Draghi in 24 hours time. The Fed has never raised interest rates with the ISM Manufacturing below 50 but expectations remained largely unchanged following the data release, reflecting the conviction that the Fed will move on rates a fortnight from today. This expectation is unlikely to be altered unless in the unlikely event we see a truly dreadful NFP print on Friday. On that note, we have a host of Fed speakers on the wires this afternoon including Fed Chair Yellen, although it would be a major surprise if they were to deviate too much from the recent hawkish tone so look for the dollar to stay on the front foot versus other major currencies.

Elsewhere, euro area core CPI slightly undershot expectations, coming in at 0.90% y/y against exp. 1.10%. This has led to a predictable "QE is coming!" trade, with the euro crashing below 1.06 handle, European equities charging higher and the Bund challenging the November highs as hopes rise that the ECB now have no choice but to further increase stimulus. Finally, WTI crude continued to trade lower following another build in inventory last night announced by the API, the 10<sup>th</sup> in succession, once again testing the \$41.30 level. We advise staying short ahead of the OPEC showdown on Friday.

## The Afternoon View

Look out for ADP employment change today at 13:15 BST to set expectations for Friday's NFP, plus the aforementioned Fed speakers starting with Lockhart at 13:10 BST. There is also the Department of Energy's inventory report, which probably retains less significance this week due to the OPEC meeting on Friday. Only a major drawdown would cause us to change our bearish take on crude on an intra-day basis. Long the S&P off the previous range high is our preferred equity play, although today's pivot is also a good level for those looking for a more conservative entry. Short euro once more and long t notes from the previous November highs are our other calls for this afternoon.

## Key Headlines

### Market Sentiment: Neutral

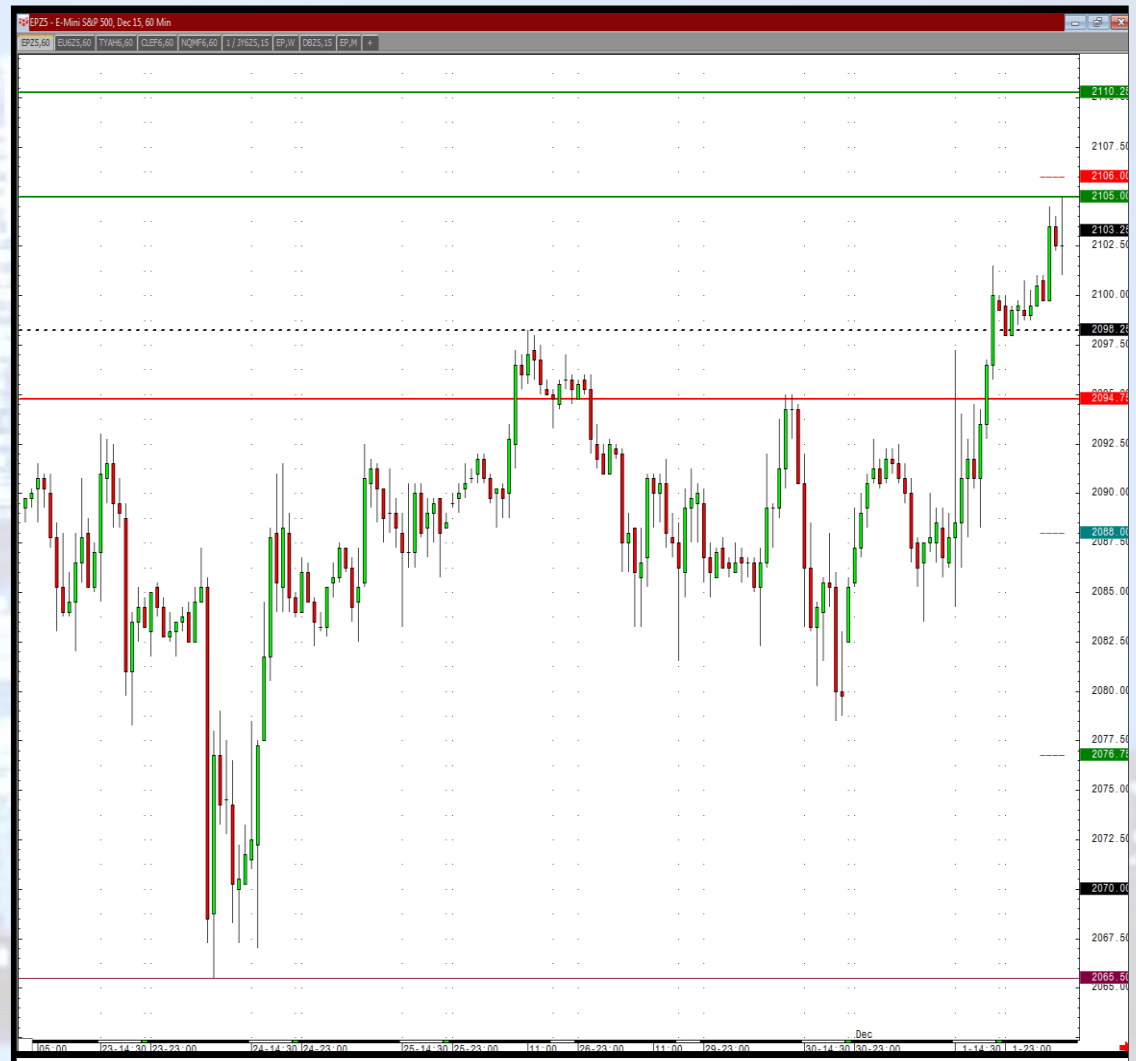
- Eurozone Core CPI 0.90% vs Exp. 1.10%
- Slowest rise in UK construction output since mid-2013
- API report 10<sup>th</sup> consecutive build in US crude stockpiles

## Major Data Releases

Data	Expected	Previous
ADP Employment Change (Nov)	190k	182k
DOE Crude Oil Inventories	-900k	961k
Cushing OK Crude Inventory	500k	1744k
DOE US Refinery Utilization	0.50%	1.70%

Strategy	Long
Entry	2098.25
1 <sup>st</sup> Target	2105.00
2 <sup>nd</sup> Target	2110.25
Stop	2094.75

Key Levels	Comments
2110.25	November High
2106.00	R1
2105.00	Today's High
2098.25	High of 26 <sup>th</sup>
2094.75	Pivot
2088.00	S1



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Strategy	Short
Entry	1.0640
1 <sup>st</sup> Target	1.0588
2 <sup>nd</sup> Target	1.0560
1.0630	1.0660

Key Levels	Comments
1.0663	R1
1.0660	High of 23 <sup>rd</sup>
1.0640	Yesterday's High
1.0614	Pivot
1.0588	S1
1.0560	Low of 30 <sup>th</sup>



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<b>Strategy</b>	<b>Long</b>
<b>Entry</b>	<b>126.200</b>
<b>1<sup>st</sup> Target</b>	<b>126.255</b>
<b>2<sup>nd</sup> Target</b>	<b>127.025</b>
<b>Stop</b>	<b>126.160</b>

Key Levels	Comments
127.025	Yesterday's high
126.255	Pivot
126.200	High of 26 <sup>th</sup>
126.160	R1
126.075	Low of 1 <sup>st</sup>

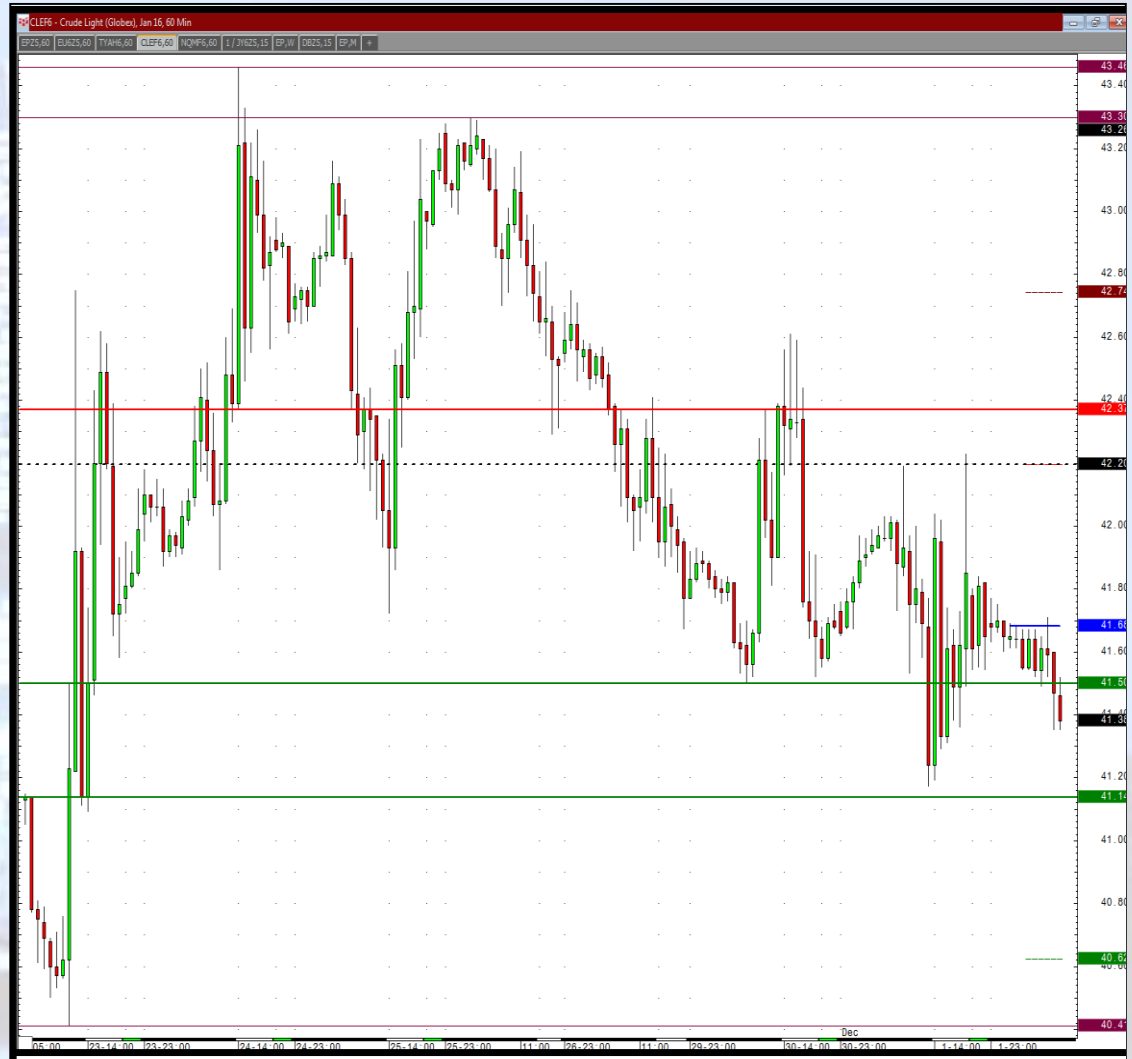
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Strategy	Short
Entry	42.20
1 <sup>st</sup> Target	41.50
2 <sup>nd</sup> Target	41.14
Stop	42.37

Key Levels	Comments
42.74	R2
42.20	R1
41.68	Pivot
41.50	Low of 29 <sup>th</sup>
41.14	S1
40.62	R2



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