

Turkish Lira surges on election

Source: [FxPro Forex Broker \(Forex Rebates up to 85%\)](#) The early volatility in FX markets is with the Turkish Lira, which has rallied up to 5% in early trading on the back of the weekend election results, which saw President Erdogan's grip on power strengthened by the return to majority of his party that was lost 5 months ago. A period of prolonged political uncertainty has come to an end, hence the strong rally of the Turkish Lira, briefly back below 2.80 on USDTRY, a level not seen since mid-August. This rally should not blind us to the underlying issues in Turkey, such as the continued current account deficit which is causing underlying pressure on the currency as the market continues to fear the first Fed rate hike. We start a new month which seen the Fed rate hike question as open as ever, with current market pricing suggesting a 50% chance of a move at the December meeting. That said, the dollar has lost most of the gains seen in the wake of the Fed meeting of last week, around 75% unwound on the dollar index. Overall, the pricing on the Fed is set to keep the dollar on the choppy side through the month. The ECB President is also set to keep the market on its toes, with his latest comments in the Italian press suggesting that the December meeting was an "open question" with regards to further stimulus. For today, we have final PMI data in the Eurozone, together with manufacturing numbers in the UK and also US ISM numbers this afternoon. The BoE decision comes on Thursday of this week, with US jobs numbers on

Friday, suggesting that volatility on the majors is more likely to come towards the latter half of the week. www.fxpro.com