

Week Ahead in FX - December to Start With Major

Releases(2015.11.30) The month of December will bring plenty of economic data and monetary policy statements for a currency market that is trading with high levels of uncertainty as geopolitical situations escalate. Next week alone will have the central banks of Australia, Canada and Europe issue rate statements and if that was not enough the week will be capped by the U.S. non farm payrolls report and the Organization of the Petroleum Exporting Countries (OPEC) press conference on Friday. The European Central Bank (ECB) announcement will be published on Thursday, December 3 at 7:45 am EST. The non-farm payrolls (NFP) will be released on Friday, December 4 at 8:30 am EST. The OPEC press conference starts at 10:00 am EST. The U.S. Thanksgiving holiday brought lower liquidity and limited data releases which resulted in currencies trading in a tight but volatile range. Investors will need to be aware of next week's events and adjust their trading strategies accordingly. **All Eyes on ECB Anticipated Stimulus** The single currency fell against 13 of the 16 majors this week. Versus the USD the EUR depreciated 0.449 percent in a week that saw the pair flirt with the 1.07 price level at the highs, only to finish near the lows of the week of 1.0567. European bonds fell to record lows as dealers are expecting the ECB to follow through with bold action next week. The euro has been under pressure from easing expectations with one of the major market trends being the monetary policy divergence between the Fed and the ECB. ECB President Mario Draghi famously said in 2012 that

he would do “whatever it takes” and investors are now getting ready for another round of stimulus to be announced on December 3. A failure to convince the market on the commitment of the central bank could result in a reversal of market expectation and punish the EUR the appreciation of the single currency. **Monday, November 30** 8:00 pm CNY Manufacturing PMI 8:45 pm CNY Caixin Manufacturing PMI 10:30 pm AUD Cash Rate 10:30 pm AUD RBA Rate Statement **Tuesday, December 1** 2:00 am GBP Bank Stress Test Results 4:00 am GBP BOE Gov Carney Speaks 4:30 am GBP Manufacturing PMI 8:30 am CAD GDP m/m Tentative NZD GDT Price Index 10:00 am USD ISM Manufacturing PMI 6:30 pm AUD RBA Gov Stevens Speaks 7:30 pm AUD GDP q/q **Wednesday, December 2** 4:30 am GBP Construction PMI 8:15 am USD ADP Non-Farm Employment Change 8:30 am USD Fed Chair Yellen Speaks 10:00 am CAD BOC Rate Statement 12:25 pm USD Fed Chair Yellen Speaks 7:30 pm AUD Trade Balance **Thursday, December 3** 4:30 am GBP Services PMI 7:45 am EUR Minimum Bid Rate 8:30 am EUR ECB Press Conference 8:30 am USD Unemployment Claims 10:00 am USD Fed Chair Yellen Testifies 10:00 am USD ISM Non-Manufacturing PMI 7:30 pm AUD Retail Sales m/m **Friday, December 4** 8:30 am CAD Employment Change 8:30 am CAD Trade Balance 8:30 am USD Non-Farm Employment Change 8:30 am USD Trade Balance 10:00 am OIL OPEC Press Conference *All times EST **Strong Employment Expected on Path to December Hike** The U.S. Thanksgiving holiday and the sales event Black Friday have kept liquidity

constrained. News outlets have reported lower than expected crowds as more retail activity moves from brick and mortar stores to online shopping. This means Cyber Monday could be a better gauge of retail sales going forward. The American employment data next week will have limited impact on the Federal Reserve's decision on December 16 as the market is widely expecting the first rate hike in a decade to the U.S. benchmark interest rate. The NFP report last month crushed expectations by posting a 271,000 new jobs increase when the forecast called for 181,000. The forecast this time around is 200,000 although there have been calls by various economists that the slack in the U.S. economy might be getting tighter as more people find work capping the upside of the employment report next year.

Source: www.marketpulse.com