

The USD/JPY is trading at 121.76 up by 7 points after the US dollar rallied late on Tuesday. Traders are preparing for today's rate decision from the FOMC and therefore volumes are low while speculators sit tight. The U.S. dollar increased against most major currencies on Tuesday as investors were awaiting the closely-watched Federal Reserve statement due out Wednesday. The dollar held onto its gain made overnight before the U.S. central bank ends its two-day policy meeting Wednesday. The Fed's possible rate-hike signals a stable recovery in the U.S. economy and could cause further dollar-buying. U.S. core inflation data, released Tuesday, marked a 2 percent rise in November from a year earlier, the fastest increase in 18 months, adding to expectations of the first rate hike by the Fed in nearly 10 years, dealers said. Market players are also awaiting a press conference by Fed chairwoman Janet Yellen after the meeting as the pace of subsequent hikes in borrowing costs remains in question. The Fed started its two-day monetary policy meeting. It is widely expected that the central bank would announce the first interest-rate hike in nine years in its after-meeting statement. The dollar index, which measures the greenback against six major crosses and was up 0.63 percent at 98.216 in late trading. On the U.S. economic front, the Consumer Price Index (CPI) for all urban consumers was unchanged in November on a seasonally adjusted basis, on par with market estimates, said the Labor Department Tuesday. Over the last 12 months, the all items index increased 0.5 percent before seasonal adjustment. **Source: Fxempire**