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So we finally arrive at what is the most anticipated Fed meeting in modern times, with what is likely to be the first interest rate increase from the US Federal Reserve in nearly 10 years. Indeed, the expectation is so strong and the Fed has done so much to prepare markets for the eventuality that not moving would probably be more damaging for markets and definitely more damaging for the Fed's credibility. If there are any doubts on their part, it would likely be expressed by a move in the target rates by less than the anticipated 25bp. The other factor likely to impact on the dollar is the tone of the press conference and accompanying statement in terms of what indications are given as to the course of policy in 2016. On balance, we see the Fed moving rates and moderating the impact on the dollar with a relatively dovish statement. The most important thing for the Fed is that the next move is not down, hence the need not to see the dollar rally substantially after the announcement, which comes at 19:00 GMT, with the press conference coming at 19:30 GMT. It's clear from the recent price action that the market is more nervous being long dollars going into this meeting, this being most evident against the euro and yen. If we look beyond the Fed, it's notable that once again the USDCNY mid-point has moved higher for the eighth consecutive session. It's pretty clear that the Chinese authorities are pre-empting the Fed by weakening the currency, which although weaker vs. the USD has been relatively firm vs. its Asian peers. Elsewhere, sterling will be looking at the latest labour market data at

09:30 GMT, where headline rates of earnings are seen falling. Cable was weaker into the European close yesterday and once again is threatening the 1.50 level, which has yet to be broken on a closing basis. Preliminary PMI data for the Eurozone is also released at 10:00 GMT, with US Housing Starts and Industrial Production seen ahead of the Fed meeting. **www.fxpro.com**