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**Forex Market Update** This morning, the greenback is trading higher against most of the major currencies, ahead of the US initial jobless claims and the Philadelphia Fed manufacturing survey data, scheduled to be released in a few hours. The EUR is trading lower against the USD, after the German IFO business climate index surprisingly recorded a modest fall in December. The GBP is trading lower against the USD, as investors shrugged off UK's stronger than expected retail sales data. The upbeat data points towards considerable amount of recovery in the UK economy in the final quarter. Yesterday, the greenback traded higher in the New York session against the key currencies, after the US Federal Reserve in a highly anticipated move hiked benchmark interest rate for the first time in almost a decade. The Fed raised the key interest rate by 25 basis points to 0.5%, as widely expected. Going further, the Fed foresees a slow and gradual rate hikes in 2016. On the macroeconomic front, the US preliminary Markit manufacturing PMI declined more-than-anticipated to a three-year low level in December and the nation's industrial production witnessed its steepest decline in more than three and a half years in November, suggesting moderate fourth-quarter growth. On the other hand, housing starts in the US surged to a five-month high on a monthly basis in November, indicating strength in the nation's housing market. **EURUSD** This morning at 10:40 GMT, the EUR is trading at 1.0849 against the USD, 0.59% lower from the New York close, after Germany's IFO

business climate index unexpectedly declined in December. This morning, the pair traded at a high of 1.0917 and a low of 1.0832. The Euro traded marginally lower against the US Dollar in the New York session yesterday, with the pair closing the session at 1.0913. The pair is expected to find support at 1.0783 and its first resistance at 1.0963. **GBPUSD** At 10:40 GMT, the pair is trading at 1.4937, with the Pound trading 0.41% lower against US Dollar from the New York close. In economic news, UK's retail sales rose more-than-anticipated on a monthly basis in November. The pair witnessed a high of 1.5011 and a low of 1.4920 during the session. Yesterday, the Pound traded marginally lower against the US Dollar in the New York session and ended at 1.4999. Immediate downside, the first support level is seen at 1.4871, while on the upside, the first resistance level is situated at 1.5051. **USDJPY** This morning, at 10:40 GMT, the US Dollar is trading at 122.37 against the Yen, 0.12% higher from the New York close. The Japanese Yen lost ground, after overnight data showed that Japan's merchandise trade balance recorded a deficit in November and as the nation's exports declined at its fastest pace in almost three years. During the session, the pair traded at a high of 122.66 and a low of 122.20. Yesterday, the US Dollar traded 0.35% higher against the Yen in the New York session and ended at 122.22. The pair is expected to find support at 121.61 and its first resistance at 122.89. **USDCHF** The US Dollar is trading at 0.9973 against the Swiss Franc at 10:40 GMT this morning, 0.8% higher from the New York close. In economic news, Switzerland's SECO group lowered the

nation's GDP outlook slightly to 0.8% from the earlier 0.9%, but left the growth outlook for next year unchanged at 1.5% and expected to rise to 1.9% in 2017. Additionally, the group retained its inflation forecast for 2015 at -1.1%. The pair traded at a high of 0.9981 and a low of 0.9884 this morning. Yesterday, the USD traded 0.21% lower against the CHF in the New York session and ended at 0.9894. The pair is expected to its find support at 0.9862 and its first resistance at 1.0032. **USDCAD** The pair is trading at 1.3814 at 10:40 GMT this morning, with the USD trading 0.24% higher against CAD from the New York close. Amid no economic releases in Canada today, investor sentiment would be governed by global macroeconomic news. The pair traded at a high of 1.3821 and a low of 1.3778 this morning. The US Dollar advanced against the Canadian Dollar in the New York session yesterday, closing 0.09% higher at 1.3782. The pair is expected to its find support at 1.3754 and its first resistance at 1.3862. **AUDUSD** The pair is trading at 0.7208 at 10:40 GMT this morning, with the Australian Dollar trading 0.33% lower against US Dollar from the New York close. Moving ahead, investors will look forward to Australia's CB leading indicator data for October, scheduled to be released later today. This morning, the pair traded at a high of 0.7253 and a low of 0.7163. The Australian Dollar traded 0.57% higher against the US Dollar in the New York session yesterday, with the pair closing the session at 0.7232. The pair is expected to its find support at 0.7153 and its first resistance at 0.7271. **Gold** Gold is trading at \$1065.70 per ounce at 10:40 GMT

this morning, 1.03% lower from the New York close. This morning, the precious metal traded at a high of \$1076.80 per ounce and a low of \$1063.60 per ounce. Yesterday, gold traded 1.16% higher in the New York session and closed at \$1076.80 per ounce. However, gold prices pared its gains, after the US Federal Reserve hiked interest rates for the first time in nearly a decade. Immediate downside, the first support level is seen at \$1058.50 per ounce, while on the upside, the first resistance level is at \$1075.40 per ounce. **Silver** The precious metal is trading at \$14.11 per ounce at 10:40 GMT this morning, 0.42% lower from the New York close. During the session, silver traded at a high of \$14.23 per ounce and a low of \$14.01 per ounce. In the New York session yesterday, silver rose 2.39% and closed at \$14.17 per ounce. Immediate downside, the first support level is seen at \$13.82 per ounce, while on the upside, the first resistance level is at \$14.35 per ounce. **Oil** The commodity is trading at \$35.20 per barrel at 10:40 GMT this morning, 0.9% lower from the New York close. Crude oil witnessed a high of \$35.84 per barrel and a low of \$35.04 per barrel during the session. In the New York session yesterday, crude oil fell 3.74% to close at \$35.52 per barrel, after the EIA disclosed that US crude-oil inventories rose by 4.8 million barrels to 490.6 million barrels in the week ended 11 December, while investors had expected supplies to decrease by 1.4 million barrels. Immediate downside, the first support level is seen at \$34.38 per barrel, while on the upside, the first resistance level is at \$36.69 per barrel. **Economic Snapshot UK retail sales rose**

**more than expected in November** In November, retail sales advanced 1.70% on a monthly basis in the UK, compared to a revised fall of 0.50% in the prior month. Market expectation was for retail sales to climb 0.60%. **Eurozone construction output climbed in October** In October, on a monthly basis, the seasonally adjusted construction output in the Eurozone recorded a rise of 0.50%. In the prior month, construction output had recorded a revised drop of 0.70%. **German Ifo business climate index eased unexpectedly in December** The Ifo business climate index dropped unexpectedly to 108.70 in December, in Germany, compared to market expectations of an unchanged reading. In the prior month, the Ifo business climate index had registered a reading of 109.00. **German Ifo business expectations index remained steady in December** In December, the Ifo business expectations index remained flat at 104.70 in Germany, compared to market expectations of a rise to a level of 105.00. **German Ifo current assessment index slid unexpectedly in December** Compared to a reading of 113.40 in the prior month the Ifo current assessment index recorded an unexpected drop to a level of 112.80 in December, in Germany. Markets were expecting the Ifo current assessment index to record a steady reading. **Japanese adjusted merchandise trade deficit dropped in November** The adjusted merchandise trade deficit in Japan dropped to ¥3.30 billion in November, following a revised adjusted merchandise trade deficit of ¥173.00 billion in the prior month. Markets were expecting the nation to register an adjusted

merchandise trade deficit of ¥206.70 billion. **Japan posted merchandise (total) trade deficit in November** According to Ministry of Finance, merchandise (total) trade deficit in Japan recorded a reading of ¥379.70 billion in November, less than market expectations of a merchandise (total) trade deficit of ¥449.70 billion. Japan had reported a revised merchandise (total) trade surplus of ¥108.30 billion in the prior month. **Japanese imports declined more than expected in November** Ministry of Finance has indicated that, on a YoY basis, imports fell 10.20% in Japan, in November, compared to a fall of 13.40% in the prior month. Markets were expecting imports to drop 7.30%. **Japanese exports fell more than expected in November** Japan Customs has reported that exports slid 3.30% in Japan, on an annual basis in November, more than market expectations for a fall of 1.60%. In the prior month, exports had fallen by a revised 2.20%.