

**Source:** [FxPro Broker \(Review and Forex Rebates Up to 85%\)](#)

Currently markets feel like a newly married couple, trying to find their way in a newly anointed relationship. That new world is one of higher interest rates in the US, as much anticipated and expected the move was. The situation is probably not helped by declining liquidity into the festive period, which is going to be a factor for markets from today but especially from Monday until the end of the month. For equities, the honeymoon period may already be over, with the S&P500 down 1.5% by the close of yesterday's session. The softer tone is also being carried over into the European session today, with indices on average 0.5% softer. Overnight, the mid-point on USDCNY nudged higher once again, for the chart looking like a steep mountain slope and this being the tenth consecutive move higher. We've also seen some adjustments from the BoJ after their latest policy meeting, which amounts to technical changes to their quantitative easing program, rather than an expansion of it. Still, the initial confusion saw the yen weaken briefly to the 123.00 level on USDJPY before the subsequent recovery below 122.00. The single currency is finding itself under some selling pressure at the start of European trading, back towards support at the 1.08 level. The data calendar is relatively light, so markets are likely to be on the choppy side as liquidity thins and institutions square up books ahead of year end. The main exception is Canadian CPI data in calendar, where both the headline and core rates are seen rising. The Canadian dollar itself has been weakening consistently for most of the month to date, with USDCAD

turning just shy of the 1.40 level. The currency looks vulnerable to a short squeeze should the data come out firmer than expected.

### **Today's important market news**

16:30	Consumer Price Index (YoY)
16:30	Bank of Canada Consumer Price Index Core (YoY)
16:30	Bank of Canada Consumer Price Index Core (MoM)
16:30	Consumer Price Index (MoM)
17:45	Markit PMI Composite
17:45	Markit Services PMI