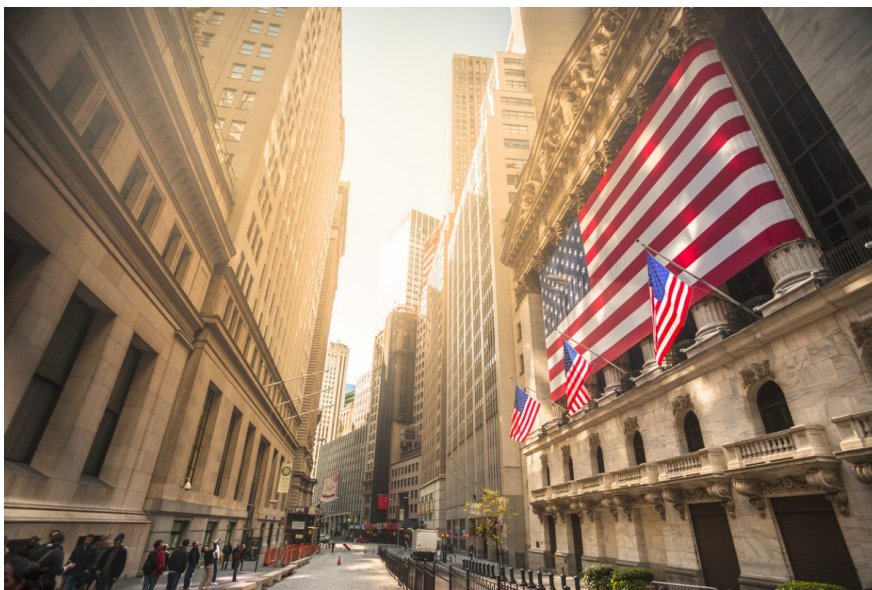


USD: Holding up well

Aside from the Mueller investigation, a House tax plan that lacks credibility and Powell confirmed as Fed Chair are potential dollar negatives, but its still holding up quite well



USD: Holding up well despite the political noise

Despite claims from indicted individuals that the Trump campaign knew and approved of meetings with Russian contacts in 2016, the dollar is holding up quite well. The highlight today will be the FOMC statement at 1900CET.

Our team's [preview](#) highlights key areas of interest in the statement. In light of strong growth and low inflation, there would seem little need for any substantive changes and even a hint that policy should be adjusted in 'coming months' may not have much of an impact on the USD rate curve since 23bp of a 25bp rate hike is already priced for the December 13th meeting.

Away from the Fed, we'll also see ADP and ISM data, both of which should be supportive for the activity story and a decent payrolls figure on Friday. Away from Mueller's investigation, potential dollar negatives are: Powell confirmed as Fed Chair and a House tax plan that lacks credibility or introduces phased tax reductions. Both of these events are now expected for tomorrow, leaving bullish dollar sentiment intact for today at least.

DXY looks mildly bullish as long as 94.15/25 support holds.

EUR: Pretty strong on the crosses

Eurozone 3Q17 GDP beat expectations yesterday and has provided some support to the EUR on the crosses. EUR/USD is still battling with a strong USD, however, and unless it can break back above 1.1670/80 area this week, the downside risks remain.

Elsewhere EUR remains strong against the Scandis. We would think that 9.55/60 proves the top of this EUR/NOK correction. Watch out for EIA crude inventories today (1530CET) which could see a big draw if the API data is to be believed and should keep Brent well supported.

GBP: Bullish momentum building

Both sides are talking a little more constructively on Brexit negotiations, suggesting they want to avoid the Dec 14/15 EU summit ending in recrimination and no progress.

Big EUR/GBP support at 0.8740/45 may hold ahead of tomorrow's crucial Bank of England day. We're still [positive GBP](#), however.

[Looking for the 'Carney Put' at the Bank of England meeting this week](#)

TRY: inflation report to show uphill battle ahead

The Central Bank of Turkey (CBT) releases its inflation report early today, and its forecasts are widely expected to echo those released in the government's three-year plan last month – namely 9.5% for 2017, 7% for 2018 and 6% for 2019.

Our Chief economist in Turkey, [Muhammet Mercan](#), notes that the CBT has turned more hawkish recently, planning to stay tighter for longer until the inflation outlook becomes consistent with targets, which at 5% +/- 2% clearly show the CBT has its work cut out. Turkey's stand-off with US and German authorities is not helping the Turkish Lira (TRY), but with overnight funding rates still above 12%, TRY remains a very expensive currency to short.

We certainly under-estimated the TRY sell-off in October, but are still minded to look for carry opportunities in the 3.80/85 area.

[Read everything else by Muhammet Mercan here](#)

Author

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial

instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.