

## **Thiagu's Blog Global Market Outlook- 04 Jan 21**

U.S. politics in focus - Georgia runoff elections tomorrow key risk. Biden's narrow Georgia victory showed state's shift from a Republican stronghold. Polls suggest contests are dead heats. Markets would be biased to see Dollar weaker and equities higher irrespective of outcome.

Contrasting information on state of Global economy: OPEC sees downside risks for oil markets in FH2021 as waves of infections ebb and flow - Korea Dec exports rose 12.6% y/y, most in 26 months.

Dollar posted its largest annual loss since 2017 last year- it had settled in to a downtrend that has only drawn more traders to short. Crowded one side bets on USD weakness. US economy not that weak and rest of the world ex China not so strong. Weekly data: Payrolls, ISM mfg and non-mfg PMIs, factory orders, ADP employment, jobless claims and trade data

EZ final PMIs and EZ retail sales, flash inflation, consumer confidence, sentiment and unemployment and German industrial output. Double-top at 1.2305/10 to hold

China says NYSE delistings are political, impact limited. USD/CNY eases through psych barrier 6.5000 to 6.4931 despite less-upbeat Caixin PMI.

GBP Closed up 3% for 2020 - UK prepares for life outside EU. Brexit finally in rear-view - focus now on Virus. 1.3677, 76.4% of 2018/20. Sustained 1.3680 break to open 1.4377 2018 high - risk Close below 1.3470-21 dma -base.

Japan manufacturing PMI 50 - last 49.7 - no real impact. Focus on new Tokyo virus cases - push for state of emergency. 102.87 December low is major support, which held last week. Eventually, USD/JPY will clear the incredible range it has carved out stretching back to 2014.

First global trading day of every year starts with Broad sell-off in USD, lower USD/Asians and Euphoria only to dissipate after few days. 2021 appears no exception. Gap down open below 73.00 to pave way for test of 1 Sept 2020 low 72.76 and a bounce back thereafter.