# Contents



Fifth Wave

**For the week ended 30th Apr – 4th May 2018**

| Global Summary | Close | High | Low | 6-Mth Forward ( Vs INR in % p.a.) |
|---|---|---|---|---|
| INR | 66.8600 | 66.9250 | 66.5200 | 3.85% |
| GBP | 1.3530 | 1.3792 | 1.3485 | 5.71% |
| EUR | 1.1958 | 1.2139 | 1.1909 | 6.83% |
| JPY | 109.1100 | 110.0200 | 108.6200 | 6.64% |
| CHF | 0.9997 | 1.0022 | 0.9869 | 7.30% |
| AUD | 0.7540 | 0.7581 | 0.7470 | 4.17% |
| CAD | 1.2844 | 1.2917 | 1.2799 | 4.68% |
| MYR | 3.9390 | 3.9390 | 3.9130 | |
| SGD | 1.3333 | 1.3370 | 1.3221 | |
| THB | 31.7500 | 31.8000 | 31.4500 | |
| IDR | 13,935 | 13,973 | 13,860 | |
| KRW | 1,073.11 | 1,079.36 | 1,064.88 | |
| HKD | 7.8491 | 7.8499 | 7.8471 | |
| GOLD | 1314.65 | 1324.9301 | 1301.51 | |
| SILVER | 16.485 | 16.588 | 16.04 | |

**SIX MONTH LIBOR**

| USD | GBP | JPY | CHF | EUR |
|---|---|---|---|---|
| 2.52019 | 0.77926 | 0.02683 | -0.6458 | -0.31357 |

**GLOBAL STOCK MARKET INDICES**

| Sensex | Hangseng | DJIA | Nikkei | FTSE | DAX | NASDAQ |
|---|---|---|---|---|---|---|
| 34915.38 | 29926.5 | 24262.51 | 22472.78 | 7567.14 | 12819.6 | 7209.617 |
| -0.16% | -1.17% | -0.20% | 0.02% | 0.87% | 1.90% | 1.26% |


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Mumbai: 022-25715001

Ahmedabad: 079-40603000

Bengaluru: 080-23365500

Chennai: 044-42859301

Delhi: 011-49456000

Hyderabad: 040-33456050

Kolkata: 033-22808715

# Domestic Market

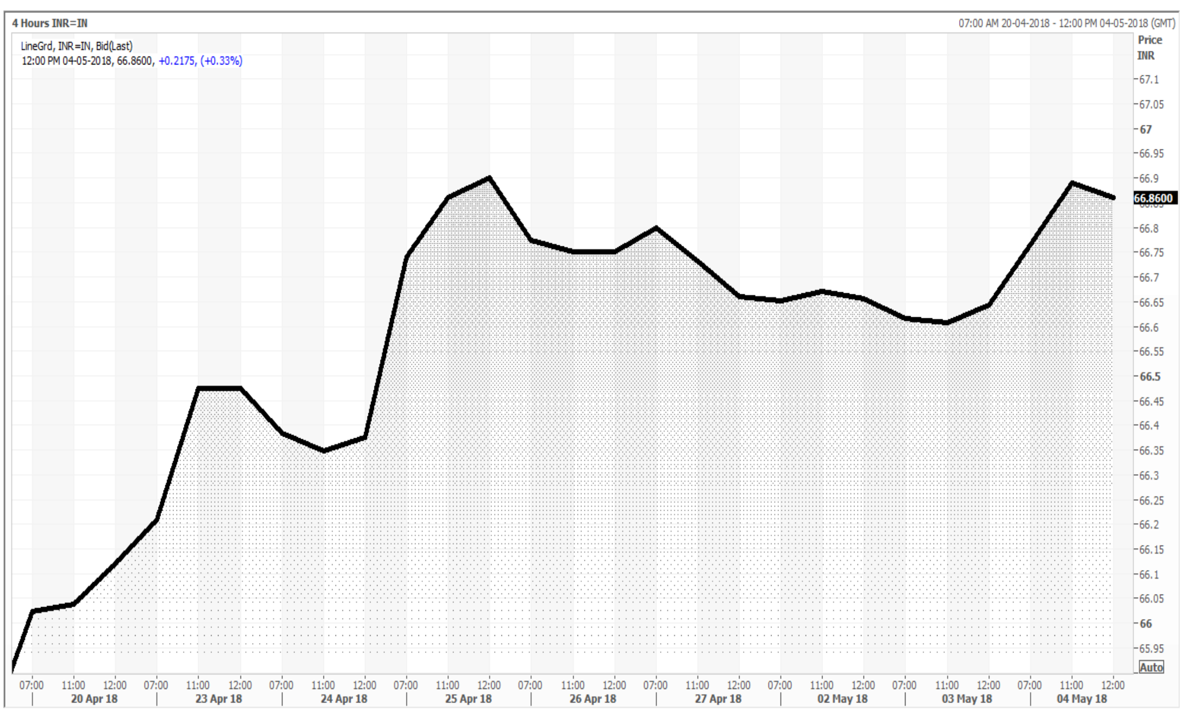
- Rupee closed the week at 66.86 levels.
- Nikkei Manufacturing PMI surged to 51.6 in Apr v/s 51.0 in Mar.
- Nikkei Services PMI surged to 51.4 in Apr v/s 50.3 in Mar.
- FX Reserves decreased to $420.36B from $423.58B as on 27th Apr'18.

## Domestic Markets

***Weekly wrap up:***

After the last week's massive swing in Rupee, this week was more of a quiet affair for the local unit reasons which have been explained below.

Rupee started off the week at 66.75 levels and traded in a range bound manner with a positive bias. Reason behind the same could be attributed to the infusion of fresh inflows into the markets post the relaxation in bond markets for FPI by the Reserve Bank of India. Apparently, the RBI in a bid to keep the foreign investors invested in the local bond markets said that they could invest in any maturity they wished for instead of three years. However, eventually the local unit slowly started moving towards the north owing to a jump in the dollar index to four-month highs prior to the FOMC policy meeting that kept the Rupee pressurized. On the following day i.e. Thursday, Rupee reversed its direction and appreciated to its weekly levels of 66.52 owing to lower global dollar that slumped post the release of FOMC Monetary Policy Statement where the committee expressed more confidence in inflation moving higher, but continued to signal a measured pace of interest rate increases. On the last working day, all the markets abroad including the local equities traded in red as markets remained cautious on the ongoing US-China trade talk discussions wherein the former asked the latter to reduce their trade deficit. Further, investors refrained from making any risky bets prior to the Non-Farm Payroll data that was scheduled to be released post market hours. Moreover, dollar buying by importers at lower levels pushed the Rupee to the weekly low levels of 66.91 and it closed the week at 66.86 levels.



## Going Forward:

In the coming week, we could see Rupee appreciating in the first half towards 66.50 considering no unusual events shall happen during the weekend. Since the recent US and Chinese trade talks have gone smoothly we could see some gains in global equities that shall spread through the Indian markets as well in turn keeping the Rupee supportive. Moreover, the recent alteration done with respect to residual maturity in the Indian bond markets for the FPI could attract huge flows into the local markets in turn providing more strength to the Indian currency. Nevertheless, the mixed release of US employment data shall keep the American currency a bit volatile on the upside. Apparently, the NFP data came lower than the expected levels at 164K in April from the forecast of 190K. The average earnings rate too gave a disappointing number. The only saving grace was the unemployment rate that came at 3.9 percent in April from 4.1 percent in March. In the later part of the week we could see Rupee getting depreciated towards 67.00 levels as there could be some more rallies seen in the global dollar ahead of the important US inflation data and Powell's speech later in the week. The inflation rate is expected to rise to 2.5 percent which could swell up the possibility of faster rate hikes. Furthermore, the speech of US Fed Chair shall be closely watched too. Not to forget, the upcoming Karnataka elections that shall also be a center focus which could keep the Rupee on an edge. Markets could witness a tough fight between the Congress and BJP that shall swoon the domestic markets in its charm in turn keeping the local markets and the currency volatile. Any break above 67.00 levels could trigger stop losses by importers thus swiftly pushing the pair towards 67.20 and 67.50 levels.

On the whole, the local unit shall trade the week in a range bound manner with a slight weaker bias towards the end on back of large dollar demand in line coupled with the upcoming US CPI data, US FED Chair speech and the Karnataka Election mania that could invite volatility. Since there are no important economic data releases from the nation the prime focus could be on the external events that could govern the price trend of the local unit. Nevertheless, with the merger between Flipkart and Walmart happening we could see some inflows in future that could keep the sentiment upbeat in the Rupee. The intervention by the RBI at higher levels would also be decisive considering the recent warning given in the US Treasury Report of keeping India in the currency manipulator watch list.

## Advise:

Exporters are advised to cover their near term receivables on spikes towards 67.00 and 67.20 levels. Importers are advised to cover their near term payable (One month) on dips towards 66.50 levels and cover further tenors if any dip seen towards 66.20 levels..

# Domestic Market

Likely to move lower

## Forward Market

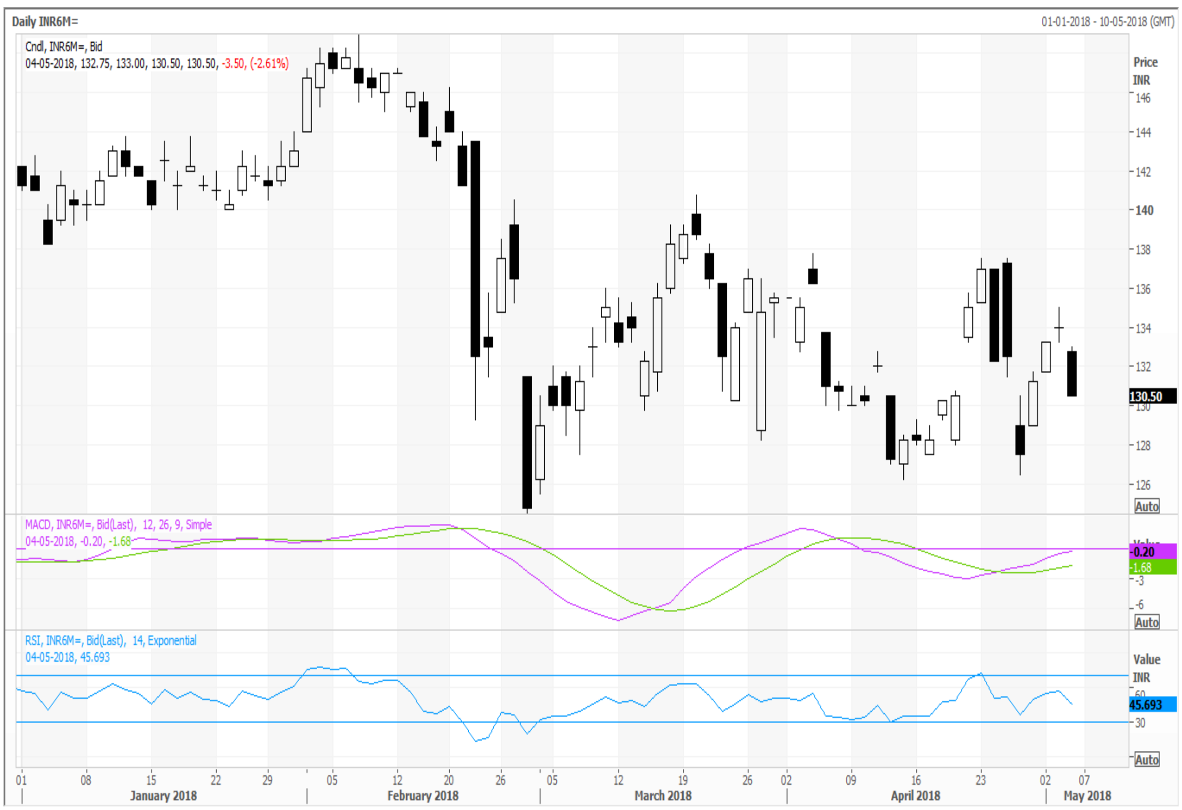
### *6 - month Premium (in Paisa)*

6 month forward premia opened the week at 131.75 paisa and initially touched a high of 135.00 paisa. Forming a mixed pattern (doji), it started to move lower and ended the week at its low of 130.50 paisa.

### *Going Forward:*

6 month forward premia has given a bearish close on the short term charts signaling continuation of the downmove towards 126.00 paisa. A convincing break and close below the same shall push it to 120.00 paisa. On the upside, key resistance lies at 135.00 paisa. Technical indicators are signaling a bearish momentum.

**Key Support:** 126.00, 120.00, 115.00
**Key Resistance:** 135.00, 142.00, 145.00



# International Markets

**EUR/USD**
Euro closed the week at 1.1958 levels.

## Technical
Likely to move lower

## Upcoming Events
- Factory Orders m/m(DE)
- Retail PMI
- Industrial Production m/m(DE)
- Trade Balance(DE)
- French Industrial Production m/m
- 30-y Bond Auction(DE)
- Italian Industrial Production m/m
- ECB President Draghi Speaks

**Euro:**

This week, the Euro currency traded lower. It initially started off at 1.2123 levels and immediately made a weekly high of 1.2139 levels. However, this trend soon reversed its course as the disappointing release of consumer price data from Germany dented the market sentiments after it decelerated to 0.0 percent in Apr from previous month's 0.4 percent. The retail sales data from Germany went into the negative territory further ruining the case for the shared currency. This bearish trend continued on the next day too. Markets were cautious prior to the most awaited event of the week i.e. the FOMC Monetary Policy Statement. It was important to take cues whether or not a rate hike was coming in June. The increased expectation pushed the American currency higher in turn keeping the Euro currency pressurized. On Wednesday, post the release of the US policy statement the Euro currency plunged lower towards 1.1936 levels. The FOMC committee kept the rates unchanged and acknowledged rising inflation. However, they gave no indication to raise rates faster than previously stated which didn't stop the investors from speculating the timing of US rate hike in the coming sessions. The bearish sentiments were so infused that the markets ignore the robust release of GDP data from Germany that came in line with expectation. The weak trend continued on Thursday as well. The disappointing release of CPI Flash estimate and core CPI Flash estimate came out on a lull mode which spoiled the case for the Euro currency. On Friday, the Euro currency made a weekly low of 1.1909 levels on back of higher global dollar. The US employment data came on a mixed note however could not deter the investors from being confidently positive that the FED shall soon follow through with the policy normalization. EURUSD closed the week at 1.1958 levels on Friday.

**Technical Outlook:**

**Week ahead:** Cross has given a bearish close on the short term charts signalling a continuation of the downmove towards 1.1935 levels. Only a convincing break and close below the same shall push it to 1.1860 levels. Further support lies at 1.1730 levels. On the flipside, any support towards 1.1935 levels shall reverse the losses in the cross and push it back to 1.2090 levels. Further resistance lies at 1.2200 levels. Technical indicators are signalling a bearish momentum.

**Key Support:** 1.1935, 1.1860, 1.1730
**Key Resistance:** 1.2090, 1.2200, 1.2400

**Advise:** Exporters are advised to cover their near term receivables on spikes towards 1.2000 levels. Importers are advised to cover their very near term payables on dips towards 1.1860 and cover further tenors if any dip towards 1.1730 levels.

# International Markets

**GBP/USD**
GBP closed the week at 1.3530 levels.

## Technical
Likely to move lower

## Upcoming Events

- Halifax HPI m/m
- BRC Retail Sales Monitor y/y
- 10-y Bond Auction
- Manufacturing Production m/m
- Goods Trade Balance
- Construction Output m/m
- Industrial Production m/m
- BOE Inflation Report
- MPC Official Bank Rate Votes
- Monetary Policy Summary
- BoE Rate Decision
- NIESR GDP Estimate

**Sterling:**

Sterling Pound traded with a weaker bias. It initially started off the week at 1.3785 levels. It immediately made a weekly high of 1.3792 levels but soon reversed its course and surged lower. Markets apparently continued to discount the last week's speech by the BoE Governor who hinted at no change in policy stance for the coming months. The weakness in Cable continued on the next day too; all thanks to the disappointing release of manufacturing data from the nation that slumped to 53.9 in Apr from 54.9 in Mar. Further, markets were cautious prior to the FOMC Monetary Policy Statement so as to gauge the future rate hike timings which pushed the American currency higher in turn keeping the Pound pressurized. On Wednesday, Sterling Pound slumped post the release of the US policy statement where the committee kept the rates unchanged and acknowledged rising inflation. The tone was mostly neutral as they hinted at gradual pace of interest rate hikes. However, sharp losses were capped slightly after the robust release of construction data from the nation that came better than the expected levels. On Thursday, the trend in cable once again was bearish as the service PMI came at 52.8 in Apr; lower than the expected levels of 53.5 which kept the currency pair pressurized. Apparently, the service data adds to signs that the rate of economic growth remained subdued at the start of the second quarter. On Friday, the Pound currency made a weekly low of 1.3485 levels. Reason behind the same could be attributed to higher global dollar post the release of US employment data that came on a mixed note however could not deter the investors from being confidently positive that the FED shall soon follow through with the policy normalization. Plus, markets were cautious ahead of the BoE Monetary Policy Meeting that is scheduled to take place in the next week. Further, the uncertainty surrounding brexit added to the woes. Senior lawmakers who backed Brexit initially have demanded the UK PM to drop a proposal for a custom partnership with EU once it leaves the bloc. This has infused concerns that the BoE may not hike rates next week citing brexit fears. GBPUSD closed the week at 1.3530 levels on Friday.

**Technical Outlook:**

**Week ahead:** Cross has given a bearish close on the daily and weekly charts signaling continuation of the downmove towards 1.3500 levels. A convincing break and close below the same shall push it to 1.3450 and 1.3330 levels. Further support lies at 1.3260 levels. On the upside, key resistance lies at 1.3585 ad 1.3650 levels. Further resistance lies at 1.3760 levels. Technical indicators are signalling the same bearish momentum.

**Key Support:** 1.3500, 1.3450, 1.3330
**Key Resistance**: 1.3585, 1.3650, 1.3760

**Advise:** Importers are advised to cover their near term payables on dips towards 1.3350 levels. Exporters are advised to cover their short term receivables on spikes towards 1.3650 levels.

## International Markets

**USD/JPY**
Yen closed the week at 109.11 levels.

## Technical
Likely to move lower

## Upcoming Events
- Monetary Policy Meeting Minutes
- Average Cash Earnings y/y
- Average Cash Earnings y/y
- Leading Indicators

**Japanese Yen:**
This week being the golden week holiday for Japan, the Japanese currency traded mostly in a range bound manner with a slight of weakness seen in the mid-week, reasons that have been elaborated below. Japanese yen initially started off the week at 109.00 levels and weakened from thereon on back of robust release of personal spending, Core PCE price Index data from the US that boosted the demand for the American currency keeping the Yen Pressurized. This weakness continued on the next day too as investors eyed the upcoming FOMC Monetary Policy Statement to take cues on the future rate hike timings. This pushed the American currency higher spoiling the case of Yen further. On Wednesday, the US Fed's in their FOMC meeting kept the rates unchanged. They spoke how confident they were of the US economy but didn't shy from acknowledging the rising inflation problem. They hinted at a gradual pace of interest rate hikes which dented the demand for safe-haven yen. USDJPY made a weekly low of 110.02 levels. On Thursday, the bearish trend in Yen reversed and USDJPY turned south as markets remained cautious ahead of the US-China trade talks that started on Thursday. This boosted the demand for safe-haven yen. On Friday, USDJPY made a weekly high of 108.62 levels on back of the mixed release of US employment data. Further, the comment by US on asking China to reduce their trade deficit kept the global markets in red in turn boosting the demand for safe-haven yen. USDJPY closed the week at 109.11 levels on Friday.

**Technical Outlook:**

**Week ahead:** The pair has given mixed signals on the weekly charts while has given a bearish close on the daily charts signalling a downmove towards 108.30 levels. A convincing break and close below the same shall push it to 107.30 and 106.50 levels. On the upside, key resistance lies at 110.00 levels. Only a convincing break and close above the same shall negate the above view and open up the gateway for a swift move towards 111.00 and 111.80 levels. Technical indicators are signalling a bearish momentum.

**Key Support:** 108.30, 107.30, 106.50
**Key Resistance:** 110.00, 111.00, 111.80

**Advise:** Importers are advised to cover their near term payables on spikes towards 109.50 levels. Exporters are advised to sell their near term receivables in a staggered manner on dips towards 107.30 and 106.50 levels.

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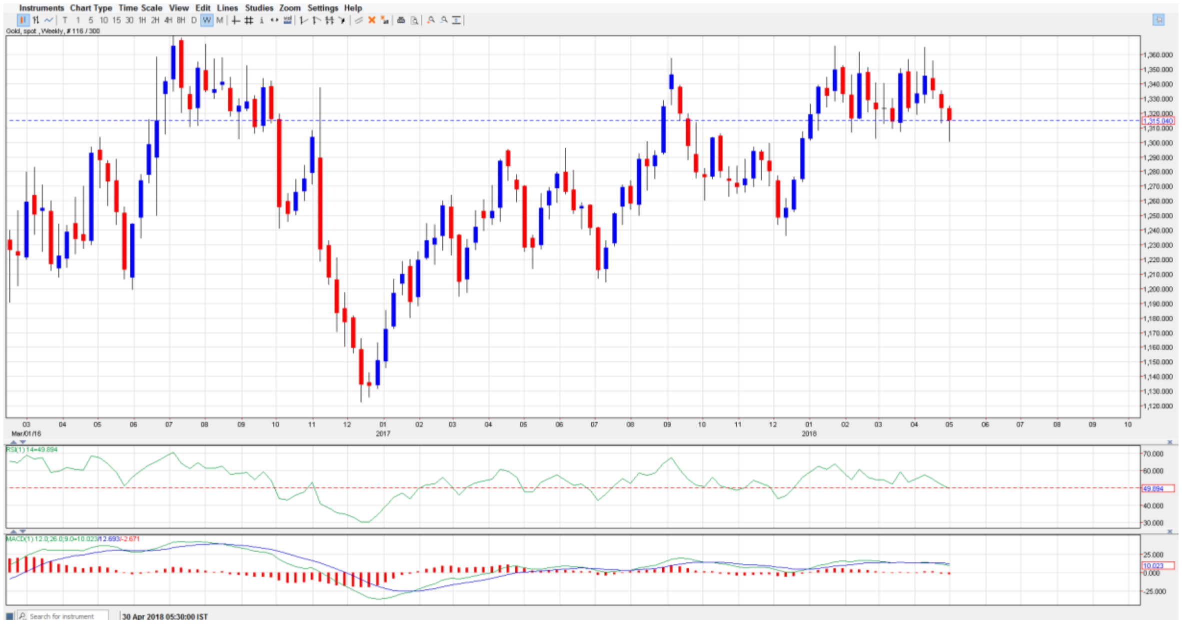
## International Market

Likely to move higher

Gold



**Week Gone by:**
Gold opened the week at 1322.40 levels and initially touched a high of 1324.93 levels. Facing resistance at these levels, it started to move lower and touched a low of 1301.51 levels. Getting supported at these levels, the yellow metal started to move higher and ended the week at 1314.65 levels.

**Week Ahead:**
The yellow metal has given a bullish close on the daily charts while has formed a bullish pattern on the weekly charts signaling an upmove towards 1335.00 levels. A convincing break and close above the same shall push it to 1356.00 and 1365.00 levels. Only a convincing break and close above 1366.00 levels shall open up the gateway for a swift upmove towards 1385.00 and 1400.00 levels. However, any resistance towards 1366.00 levels shall keep the yellow metal range bound between 1300.00 and 1366.00 levels. Any break and close below 1300.00 shall push it to 1285.00 and 1265.00 levels. Technical indicators are signaling a mixed momentum.

**Key Support:** 1300.00, 1285.00, 1265.00
**Key Resistance:** 1356.00, 1365.00, 1385.00

**Advise:** Short term traders are advised to buy the yellow metal on dips towards 1310.00 levels targeting 1356.00 and 1365.00 levels while keeping a strict stop loss below 1300.00 levels.

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Forex Calendar

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## Forex Calendar

| Date | Time | Currency | Economic Data | Forecast | Previous |
|---|---|---|---|---|---|
| 07/05/2018 | 4:30 | US | FOMC Member Quarles Speaks | - | - |
| 07/05/2018 | 5:20 | JP | Monetary Policy Meeting Minutes | - | - |
| 07/05/2018 | 11:30 | DE | Factory Orders m/m | 0.50% | 0.30% |
| 07/05/2018 | 13:40 | EU | Retail PMI | - | 50.10 |
| 07/05/2018 | 17:55 | US | FOMC Member Bostic Speaks | - | - |
| 07/05/2018 | 23:30 | US | FOMC Member Barkin Speaks | - | - |
| 08/05/2018 | 0:30 | US | Consumer Credit m/m | 16.2B | 10.6B |
| 08/05/2018 | 11:30 | DE | Industrial Production m/m | 0.80% | -1.60% |
| 08/05/2018 | 11:30 | DE | Trade Balance | 19.9B | 19.2B |
| 08/05/2018 | 12:45 | US | Fed Chair Powell Speaks | - | - |
| 08/05/2018 | 13:00 | UK | Halifax HPI m/m | -0.30% | 1.50% |
| 09/05/2018 | 4:31 | UK | BRC Retail Sales Monitor y/y | -0.70% | 1.40% |
| 09/05/2018 | 5:30 | JP | Average Cash Earnings y/y | 1.10% | 1.00% |
| 09/05/2018 | 10:30 | JP | Leading Indicators | 105.20% | 106.00% |
| 09/05/2018 | 12:15 | EU | French Industrial Production m/m | 0.50% | 1.20% |
| 09/05/2018 | Tentative | DE | 30-y Bond Auction | - | 1.12\|1.0 |
| 09/05/2018 | Tentative | UK | 10-y Bond Auction | - | 1.60\|2.4 |
| 09/05/2018 | 18:00 | US | PPI m/m | 0.20% | 0.30% |
| 09/05/2018 | 18:00 | US | Core PPI m/m | 0.20% | 0.30% |
| 09/05/2018 | 20:00 | US | Crude Oil Inventories | - | 6.2M |
| 09/05/2018 | 22:31 | US | 10-y Bond Auction | - | 2.80\|2.5 |
| 10/05/2018 | 05:20 | JP | Current Account | 1.62T | 1.02T |
| 10/05/2018 | 13:30 | EU | Italian Industrial Production m/m | 0.40% | -0.50% |
| 10/05/2018 | 14:00 | UK | Manufacturing Production m/m | -0.20% | -0.20% |
| 10/05/2018 | 14:00 | UK | Goods Trade Balance | -11.4B | -10.2B |
| 10/05/2018 | 14:00 | UK | Construction Output m/m | -2.00% | -1.60% |
| 10/05/2018 | 14:00 | UK | Industrial Production m/m | 0.10% | 0.10% |
| 10/05/2018 | 16:30 | UK | BOE Inflation Report | - | - |
| 10/05/2018 | 16:30 | UK | MPC Official Bank Rate Votes | 2-0-7 | 2-0-7 |
| 10/05/2018 | 16:30 | UK | Monetary Policy Summary | - | - |
| 10/05/2018 | 16:30 | UK | BoE Rate Decision | 0.50% | 0.50% |
| 10/05/2018 | - | UK | NIESR GDP Estimate | - | 0.20% |
| 10/05/2018 | 18:00 | US | CPI m/m | 0.30% | -0.10% |
| 10/05/2018 | 18:00 | US | Core CPI m/m | 0.20% | 0.20% |
| 10/05/2018 | 18:00 | US | Initial Jobless Claims | 219K | 211K |

*For the week 7th May – 11th May 2018*

Forex Calendar

| Date | Time | Currency | Economic Data | Forecast | Previous |
|---|---|---|---|---|---|
| 10/05/2018 | 22:31 | US | 30-y Bond Auction | - | 3.04\|2.4 |
| 10/05/2018 | 23:30 | US | Federal Budget Balance | - | -208.7B |
| 11/05/2018 | 18:00 | US | Import Prices m/m | 0.50% | 0.00% |
| 11/05/2018 | 18:45 | EU | ECB President Draghi Speaks | - | - |
| 11/05/2018 | 19:30 | US | Prelim UoM Consumer Sentiment | 98.40 | 98.80 |
| 11/05/2018 | 19:30 | US | Prelim UoM Inflation Expectations | - | 2.70% |

## Column of the Week

# Analysts: US trade demands could make deal with China harder

A list of hard-line demands that the Trump administration handed China this week could make it even more difficult to resolve a trade conflict between the world's two largest economies.

That's the view of trade analysts who say the U.S. insistence that Beijing shrink America's gaping trade deficit with China by $200 billion by the end of 2020, among other demands, are more likely to raise tensions than to calm them.

A U.S. official confirmed the authenticity of a document outlining U.S. priorities that was presented to China ahead of two days of trade talks that ended Friday. The official spoke on condition of anonymity because of the confidential nature of the talks.

In Washington on Friday, President Donald Trump said, "We have to bring fairness in trade between the U.S. and China, and we will do that." Trump had campaigned for the presidency on a promise to reduce America's trade deficit with China, which amounted last year to $337 billion in goods and services.

"We will be meeting tomorrow to determine the results, but it is hard for China in that they have become very spoiled with U.S. trade wins!" Trump tweeted.

The intensifying trade dispute between the United States and China has rattled financial markets for weeks. In March, the Trump administration slapped tariffs on imported steel and aluminum. China counterpunched with tariffs on a range of U.S. products, including bourbon and blue jeans.

An even higher-stakes fight looms over American allegations that China steals technology and forces U.S. companies to hand over trade secrets in exchange for access to the Chinese market. The United States is considering imposing tariffs on up to $150 billion of Chinese imports, and Beijing has countered with proposed tariffs on $50 billion in American products, including soybeans and small aircraft.

Seeking to avert a trade war, the United States this week sent a high-level delegation to Beijing, led by Treasury Secretary Steven Mnuchin. The delegation included Commerce Secretary Wilbur Ross, U.S. Trade Rep. Robert Lighthizer and Peter Navarro, a White House trade adviser and hard-line critic of Chinese policies.

After the talks ended, China's Commerce Ministry said the two sides had agreed to establish a mechanism to try to resolve their dispute, though differences remained, Chinese state media reported. The report did not give specifics, suggesting that little progress had been achieved.

The U.S. document is described, in an introductory disclaimer, as being provided to the Chinese ahead of the visit to Beijing by the U.S. officials. It included demands that China immediately stop providing subsidies to industries listed in a key industrial plan. China must end some of its policies related to technology transfers, a key source of tension underlying the dispute, the list also says.

***For the week 7th May – 11th May 2018***

The U.S. wants China not to retaliate against U.S. measures currently being pursued against it. For instance, the U.S. says China should agree not to target U.S. farmers or agricultural products and "not oppose, challenge or otherwise retaliate" when the U.S. moves to restrict Chinese investment in the U.S. in sensitive sectors.

American analysts were struck by the aggressiveness of the Trump team's demands. Eswar Prasad, a professor of trade policy at Cornell University, said the hard-nosed approach "makes it harder to envision a path toward a negotiated settlement."

Prasad said the Chinese are open to negotiations on opening their market wider and doing a better job of protecting intellectual property. "Beijing is clearly in no mood, however, to meet the U.S. team's expectation of capitulation in the face of threats of tariffs and other trade sanctions," he said.

Wendy Cutler, a former U.S. trade negotiator who specialized in Asia, said it was encouraging to see the two countries talking and trading proposals. But she said the "kitchen sink" U.S. demands look unrealistic.

"If the U.S. is serious and wants all of this, it's hard to see a constructive path forward," said Cutler, now vice president at the Asia Society Policy Institute.

Analysts said the Chinese were likely to view the confrontational posture struck by the U.S. as unreasonable and akin to bullying, potentially making it difficult to tone down friction over such issues.

Yu Miaojie, a professor at Peking University's National School of Development, described some of the demands as "like lions opening their mouths."

"When it comes to negotiations, both sides can provide a list of requests and we will seek common ground while reserving our differences," Yu said. "If one side provides a list with unreasonable requests, the Chinese government is unable to accept it."

"China won't be frightened by this kind of threat," wrote Hu Xijin, the chief editor of the Global Times, a nationalistic tabloid affiliated with the Communist Party mouthpiece, in a post on the Sina Weibo website. Hu said he believed China would engage in talks seriously but also be fully prepared for them to fail.

Still, the list was welcomed by a U.S. business group which has lobbied the Trump administration for greater clarity on what it wanted China to do. Some groups had complained the administration was sending mixed messages.

"We've been saying that the Trump administration needs to define success and what specific outcomes it is seeking," said Jake Parker, vice president for China of the U.S.-China Business Council. The list submitted to China helps "lead to a solution and avoid tariffs and other sanctions," he said.

The two sides "reached consensus in some areas," the official Xinhua News Agency said.

"Both sides realized that there are still relatively big differences over some issues and that they need to continue to work hard to make more improvements," the report said.

There was no immediate comment from the U.S. delegation. A motorcade was seen leaving the U.S. Embassy in Beijing on Friday afternoon and the group departed China later in the day.

The list of U.S. demands was first reported by The Wall Street Journal on Friday.

The dispute will be tough to resolve because the fundamental issue is that the U.S. wants to stop China from moving up the so-called value chain as it transforms into an advanced economy, said Louis Kuijs, head Asia economist at Oxford Economics. But "there's no way that China's going to change its strategy on that."

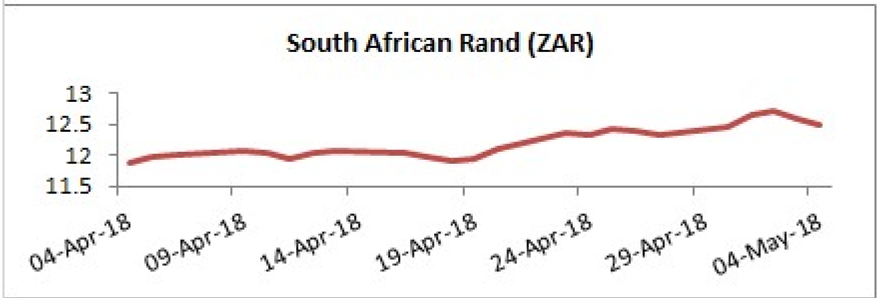
Kuijs said the ball is now in the U.S. court on deciding whether the talks were fruitful and merit more discussion or that they're stalled and Washington needs to take more serious measures targeting China.

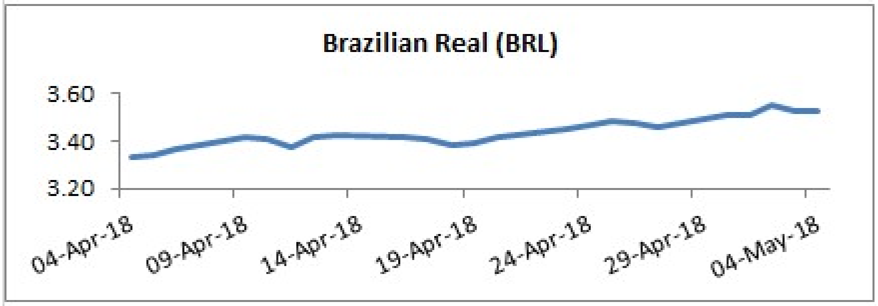
This is "much more than just a trade dispute," Kuijs said. "This is very much about economic strategy and the U.S. coming to grips with a big country running its economy in a way that the U.S. is uncomfortable with, and becoming successful, and starting to threaten U.S. dominance."

***Source: ABC news***

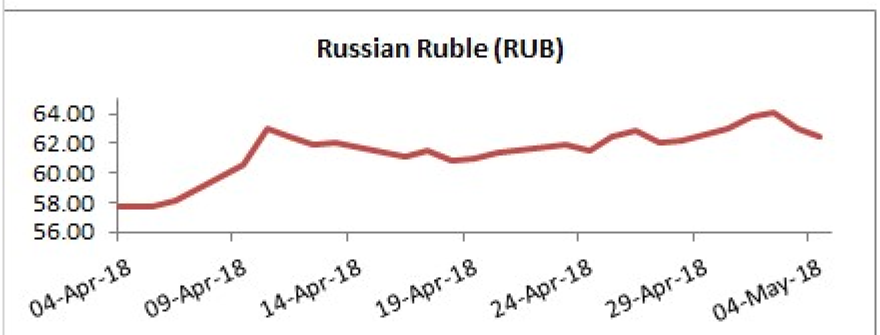
Graph'o'nomics

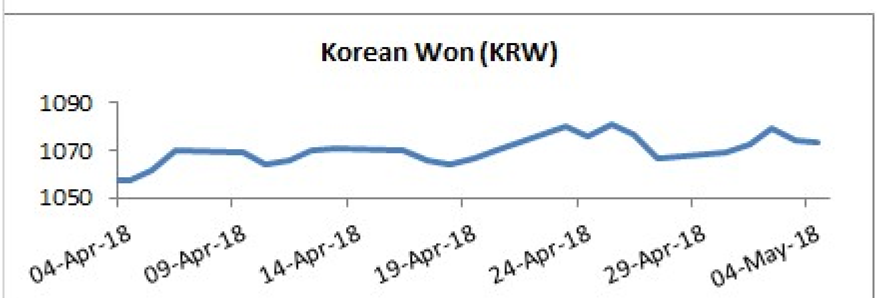
Emerging Market Currencies



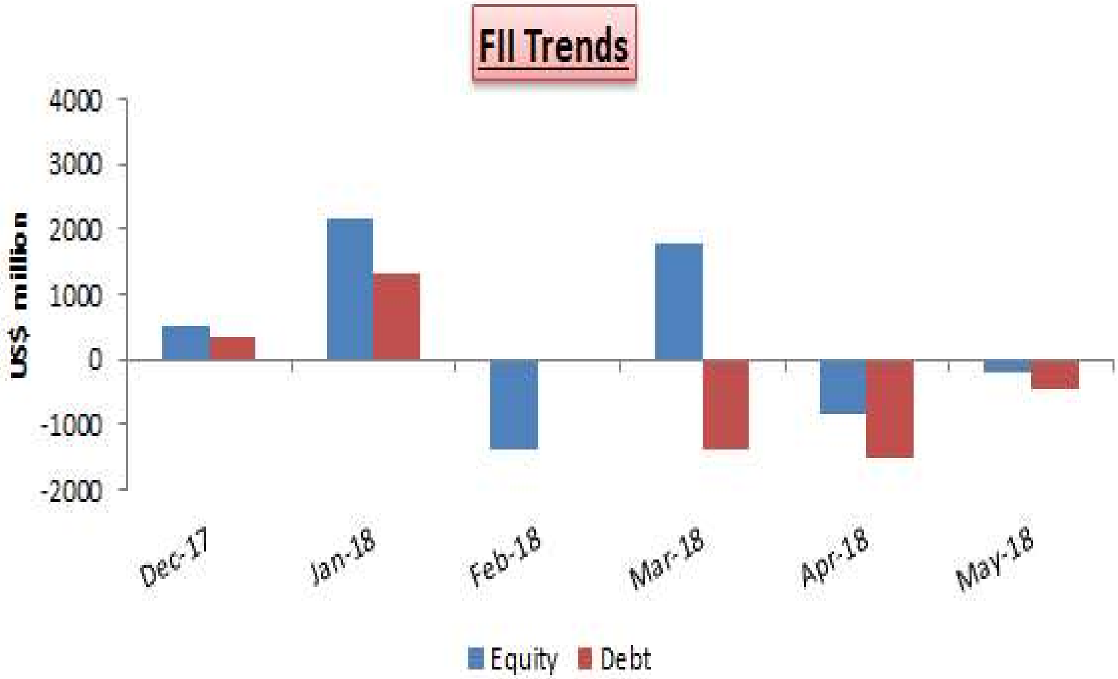







Graph'o'nomics

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