

# 10CFDs: Given the Fed's Monetary Policy, Now Is a Good Time to Invest in USD

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After concluding a year that saw the central bank taking down its benchmark rate three times, 10CFDs analysts predict that the Fed is not planning on changing its monetary policy anytime soon. Keeping its benchmark rate in a target range of between 1.5%-1.75% as expected, the Federal Reserve indicated on December 11, 2019, that no action is likely to be taken next year due to persistently low inflation.

The committee also indicated that monetary policy is likely to stay where it is for an unspecified amount of time, although officials will continue to monitor conditions as they develop. This includes global developments and muted inflation pressures, as it assesses the appropriate path of the target range for the Federal Funds rate.

## Comparison to the Euro Case

In order to understand if the USD is expected to go back up or continue to fall, one needs to first examine the brief outlook of the Euro. In 2020, it's expected that the Euro will trade in the range of 1.1398 to 1.0611. The Euro is expected to fall sharply with a trading range rebound from January to April. As always, there is no need to rush into taking any trades immediately, and there is a good reason for that.

With the US Dollar being the single most popular currency in the world, it seems as if it is going to enter 2020 on a strong footing, with no contenders in sight to challenge its dominance. Therefore, the USD will more than likely continue its rally for at least another six months into the new year. While deteriorating global trade conditions have hurt most economies, this has boosted demand for dollar-denominated assets since early 2019, keeping the currency strong. With that being said, the U.S. economy is still showing signs of recession risks.

## The Dollar will Remain Stable

Based on this information, it appears to be a good time to invest in the Greenback. Considering the factors that have kept the dollar strong for the past eight months, which are likely to persist for a while, the strength of the US Dollar is expected to remain stable. [10CFDs analysts foresee](#) that the Dollar is only going to start weakening once the data becomes conclusively weak enough in the U.S. to make the markets think that we are getting more than precautionary easing. As there will be counter forces on the Dollar, the market is not going to entirely give up on it because it will still have a safe-haven function.

Meanwhile, after President Donald J Trump declared that phase one of the trade deal with China will be signed "very shortly" on December 21st, 2019, it seems more than likely that the United States will agree to reduce some tariffs in exchange for a big jump in Chinese purchases of American farm products. As a result of this move, there will likely be a drastic change in talks with China regarding the signing of a trade agreement. However, 10CFDs analysts say this still falls a long way short of the fundamental changes in Chinese trade policies that President Trump had hoped for, which will now have to be put off to a second phase.

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