

**Weekly Forex Events and Forecasts** - The U.S. dollar closed last week near two weeks low amid investors await policy announcements from the Federal Reserve and the Bank of Japan. The FOMC kept the interest rate unchanged at last Wednesday's meeting but hinted possibility for the next hike could be in December if the labor market continues to improve.

According to the projection of forecast in its meeting statement, the Federal Reserve also cut the number of rate increases it expects next year and 2018. Some economists expect policymakers to avoid rate hike in November as the meeting holds few days before the election for the U.S. president. Currently, the chance for a rate hike is priced in 13%. The dollar wobbled on Monday, cautiously in a narrow range ahead of first debate between U.S. presidential candidates that could determine greenback's near-term direction. Many expects to see dollar/yen slip on risk aversion if the debate ends in favor of Trump. Trump has strongly backed a weaker dollar. The index lost 0.75% for the week and ended the week at 95.40 against other major currencies.

Japanese yen held higher ahead of the Bank of Japan's meeting amid investors remained skeptical about whether the last BOJ measures will be enough to target inflation. The BOJ refrained from cutting rates further or increase asset purchase measures at its last policy meeting. It instead switched to target interest rates for a way to reach its object for inflation. USD/JPY traded at 100.86, pulling back from one-month low of 100.10 on Thursday.

The euro nudged up against the dollar as well after the release of upbeat euro zone flash composite purchasing managers index. Earlier in the euro zone, the data showed that business activity in September expanded at the slowest rate since 2015. Markit's preliminary PMI also showed drops in 19 country regions, falling to 52.6 from August figure 52.9. EUR/USD traded at 1.1234, the currency briefly rose to as high as 1.1258 on Thursday.

The British pound plunged to a session low, the lowest since August, on nerves about the pace and course of talks on Brexit. The U.K. Foreign Secretary Boris Johnson said that the country will start formal Brexit negotiations early next year, suggesting that Britain could be on a faster pace to an exit from European Union than market's expectations. Sterling hit 1.2915 and settled at 1.29956, down 0.92% for the day.

Commodity currencies held generally lower after crude oil prices tumbled on Friday. The Australian dollar extended Friday's losses and traded at 0.7613 against greenback. The Canadian dollar also fell sharply on Friday after the release of disappointing domestic inflation and retail sales data. USD/CAD rose 0.96% on Friday and traded 1.3172 on Monday. Brent crude was up 0.7% after almost 4% drop on Friday amid signs Saudi Arabia and Iran showing a slight progress for preliminary agreement to freeze production.

In the week ahead, investors will be looking ahead to fresh comments from the Federal Reserve Chair Janet Yellen amid ongoing uncertainty over the next rate hike. Also European Central Bank

President Mario Draghi is to speak which will guide on further ECB steps on monetary stimulus in coming months for boosting inflation. In addition, the Bank of Japan Governor Haruhiko Kuroda's speech will be closely watched in the wake of last week's timid decision by the BOJ to modify the monetary policy framework.

**AUD/USD and NZD/USD News and Analysis** The Australian and New Zealand dollars were steady against their U.S. counterpart on Monday, as sentiment on the greenback remained vulnerable after the Federal Reserve's latest policy decision, while downbeat New Zealand trade data weighed on the local currency. AUDUSD was little changed at 0.7625. Markets were still digesting the Fed's decision to leave interest rates unchanged at the conclusion of its policy meeting on Wednesday, although it hinted that a hike could come in December if the job market continued to improve. NZDUSD held steady at 0.7246. Statistics New Zealand said over the weekend that the trade deficit widened to NZ\$1,265 million in August from NZ\$433 million the previous month. Analysts had expected the trade deficit to widen to \$NZ766 million last month. The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, was steady at 95.40.

### **Weekly Events and Forecasts**

Ahead of the coming week, Solforex has compiled a list of these and other significant events likely to affect the markets.

Monday, September 26

In the Eurozone, German institute IFO is to report on business

climate. In the U.S., the first debate between U.S. presidential candidates to hold. Also, data on new home sales and manufacturing in Dallas region are to be reported in the U.S.

Tuesday, September 27

China is to publish data on manufacture profits. The Federal Reserve Janet Yellen is to speak at an event in Washington D.C. In the U.S., data on housing price index, Markit PMI and consumer sentiment are to be reported. ECB President Mario Draghi is to speak about current development in the euro zone in Berlin.

Wednesday, September 28

The U.S. is to publish data on durable goods orders and MBA mortgage claims. The Federal Reserve Chair Janet Yellen is to testify at the House Financial Services Committee. St. Louis Fed chief James Bullard is to speak at an event in St. Louis.

Thursday, September 29 The Bank of Japan Governor Haruhiko Kuroda is to speak in Tokyo. Japan is to release data on consumer sentiment. Germany is to report on preliminary inflation data and unemployment changes. The U.K. is to publish data on mortgage claims. Euro zone is to produce data on business and consumer sentiments. The U.S. is to release data on wholesale inventory, second quarter GDP, personal spending and initial jobless claims.

Friday, September 30

Japan is to release data on unemployment, consumer price inflation, manufacturing production, and construction activity. In China, Caixin manufacturing index is to be published. The U.K. is to report on

revised second quarter GDP. The euro zone is to release data on consumer inflation. Germany is to report on retail sales. The U.S. is to publish data on personal income and spending and business activity in Chicago.

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