Weekly Forex Report - Last week, the forex market was dictated by the monetary policy meetings by two key central banks, the US Federal Reserve (Fed) and the Bank of Japan (BoJ).

The Fed in its recent monetary policy meeting, left the benchmark interest rate at 0.50%, amid low inflation and lackluster economic growth in the US but indicated that it could still tighten monetary policy further before the end of the year. The bank also reduced its longer-run interest rate forecast to 2.9% from 3.0%. The Fed Chair, Janet Yellen, pointed out that the US economic activity had picked up with solid job gains in recent months and also noted that further rate hikes would be needed to keep the economy from overheating and fueling high inflation. Meanwhile, in its summary of economic projections, the policymakers slashed the nation's growth forecast to 1.8% from 2.0% for 2016.

In other economic news, the nation's initial jobless claims surprisingly dipped to its lowest level since July 2016 in the last week, thus pointing towards continuous strength in labor market. Additionally, the nation's housing price index advanced in July. Meanwhile, the nation's flash Markit manufacturing PMI unexpectedly expanded at the slowest pace in three months in September. On the other hand, existing home sales unexpectedly fell for the second straight month on monthly basis in August. Separately, the OECD lowered US economic growth forecast to 1.4% and 2.1% for 2016 and 2017 respectively, down from 1.8% and 2.2% estimated earlier in June. Meanwhile, it also trimmed its global economic outlook for 2016, amid sluggish growth in major economies and also citing the effects of Britain's vote to leave the European Union. It now expects the global economy to expand by 2.9% this year, down from 3.0% predicted in June.

The Euro ended the week on a stronger footing. The European Central Bank's (ECB) economic bulletin report, showed that policymakers are less keen to ease policy further. It also indicated that employment in the common currency region is growing and hinted that global growth recovery will be moderate and uneven with heightened uncertainty and would possibly accelerate next year. However, it also warned that policy uncertainty in China and Brexit vote has generated macroeconomic risks over the global economic outlook. In other economic news, Eurozone's preliminary manufacturing PMI expanded at the fastest pace in three months in September. On the contrary, the region's services PMI unexpectedly expanded at the slowest pace in twenty-one months in the same month.

The JPY ended the week in positive territory. The BoJ held the benchmark interest rate steady at -0.1%, in line with market expectations and maintained its monetary policy base at an annual pace of ¥80.0 trillion.

EURUSD The EUR strengthened against the USD last week, closing 0.64% higher at 1.1226, after data indicated that activity in the Eurozone's manufacturing sector surprisingly advanced in September. Additionally, the region's seasonally adjusted construction output rose on a monthly basis in July. On the contrary, the flash Markit services PMI unexpectedly declined in the same month. Also, the region's seasonally adjusted current account surplus narrowed in July. Elsewhere, in Germany, the flash Markit manufacturing PMI accelerated surprisingly in September. On the other hand, the nation's preliminary services PMI fell in the same month. The pair traded at a high of 1.1257 and a low of 1.1123 during the previous week. Immediate downside, the first support level is seen at 1.1147, followed by 1.1068, while on the upside, the first resistance level situated in 1.1281, followed by 1.1336. Moving ahead, investors will look forward to the unemployment rate and consumer price index data across the Eurozone along with the region's final consumer confidence data, all due to release this week. Additionally, Germany's Ifo business climate, retail sales and GfK consumer confidence data, due to release this week, would also be keenly watched by investors. **GBPUSD** During the previous week, the GBP traded 0.28% lower against the USD and ended at 1.2966. The Bank of England (BoE), in its quarterly bulletin report, highlighted that businesses were apparently slowing down on making investments and that employment would likely be flat over the coming year due to the historic Brexit vote. Meanwhile, the central bank warned that the outlook for Britain's financial stability remains challenging, taking into account the long-term impact of the historic Brexit vote as well as volatility in global financial markets. Separately, the Organization for Economic Co-operation and

Development (OECD) reduced UK's economic growth forecast to 1.0% in 2017 from 2.0% forecasted earlier in June and stated that Britain is poised to take a major hit next year from its decision to leave the European Union, but could be worse than expected. In other economic news, UK's public sector net borrowing posted a less than expected deficit in August. During the previous week, the pair traded at a high of 1.3121 and a low of 1.2915. The pair is expected to find support at 1.2880, and a fall through could take it to the next support level of 1.2795. The pair is expected to find its first resistance at 1.3086, and a rise through could take it to the next resistance level of 1.3207. This week, UK's final GDP for 2Q, nationwide house prices, mortgage approvals, GfK consumer confidence survey data, would garner lot of market attention.

USDJPY The USD traded 1.24% lower against the JPY last week, with the pair closing at 101.02. The BoJ, in its latest monetary policy meeting held the benchmark interest rate steady at -0.1%, in line with market expectations and maintained its monetary policy base at an annual pace of ¥80.0 trillion. In other economic news, Japan's preliminary Nikkei manufacturing PMI climbed in September, crawling out of the contraction territory for the first time in seven months. Additionally, the nation all industry activity index rose more than expected in July. On the othe r hand, the nation surprisingly posted a total merchandise trade deficit for the first time in three months in August. Moreover, exports as well as imports declined on an annual basis in the same month. Also, the nation's final machine tool orders eased on an annual basis in August. Separately, the OECD revised down Japan's 2016 economic growth to 0.6% from 0.7% estimated earlier, citing appreciation in the Yen and weakness in exports. During the previous week, the pair traded at a high of 102.79 and a low of 100.10. The pair is expected to find support at 99 .82, and a fall through could take it to the next support level of 98.61. The pair is expected to find its first resistance at 102.51, and a rise through could take it to the next resistance level of 103.99. Looking ahead, market participants would closely monitor BoJ Governor, Haruhiko Kuroda's speech, consumer price inflation, unemployment rate, minutes of the BoJ's recent monetary policy meeting, small business confidence, retail trade, large retailer's sales, flash industrial production data, all slated to release this week.

USDCHF Last week, the USD traded 1.02% lower against the CHF and closed at 0.9704. The Swiss State Secretariat for Economic Affairs (SECO), in its latest quarterly report, revised Switzerland's economic growth forecast to 1.5% for 2016, up from 1.4% estimated earlier and by 1.8% in 2017 as uncertainties created by the Brexit vote is expected to have little impact on the nation's economic recovery. Meanwhile, the inflation forecasts for 2016 and 2017 were unchanged at -0.4% and 0.3% respectively. In other economic news, Switzerland's trade surplus expanded in August. Meanwhile, the nation's exports and imports declined on a monthly basis in the same month. Separately, the Swiss National Bank (SNB), in its latest quarterly bulletin, expressed confidence in Switzerland's economy. Further, the central bank estimated that the nation's output gap has narrowed slightly to around 1.1% of GDP from 1.3% in the previous quarter. During the previous week, the pair traded at a high of 0.9819 and a low of 0.9660. The pair is expected to witness its first support at 0.9636 and second support at 0.9569, while the first resistance is expected at 0.9795 and second resistance at 0.9887. This week, investors would focus on Switzerland's UBS consumption indicator and KOF leading indicator data. **USDCAD** The USD traded 0.3% lower against the CAD last week, with the pair closing at 1.3172. On the economic front, Canada's annual consumer price index (CPI) registered its lowest level in ten months in August, placing more pressure on the Bank of Canada to take additional monetary policy measures to boost inflation. Meanwhile, on a monthly basis, the CPI unexpectedly dropped in August. Moreover, the nation's retail sales surprisingly eased on a monthly basis in July. Separately, in a speech, the BoC Governor, Stephen Poloz, stated that interest rates will remain low for longer period as the Canadian economy faces strong headwinds. Further, he noted that the nation's economic growth has not been in line with the central bank's expectations. Meanwhile, the OECD slashed Canada's growth forecast to 1.2% this year from 1.7% forecasted in June. Further, growth next year is expected to be 2.1% down from its earlier estimate of 2.2%. During the previous week, the pair traded at a high of 1.3243 and a low of 1.3000. The pair is expected to witness its first support at 1.3034 and second support at 1.2895, while the first resistance is expected at 1.3277 and second resistance at 1.3381. Looking ahead, investors anxiously await the release of Canada's GDP data, the sole important data due to release this week.

AUDUSD Last week, the AUD traded 1.76% higher against the USD and closed at 0.7623. The minutes of the Reserve Bank of Australia's (RBA) September meeting indicated that policymakers refrained from taking additional easing measures and hinted that interest rates could remain unchanged for the foreseeable future as growth was in line with expectations and also noted that the current stance of monetary policy would help to achieve the inflation target over time. In other economic news, Australia's house prices climbed on a quarterly basis in the second quarter of 2016. Meanwhile, the nation's Westpac leading index remained flat on a monthly basis in August. During the previous week, the pair traded at a high of 0.7675 and a low of 0.7501. The pair is expected to find support at 0.7524, and a fall through could take it to the next support level of 0.7426. The pair is expected to find its first resistance at 0.7698, and a rise through could take it to the next resistance level of 0.7774. Moving ahead, market participants look forward to Australia's mid-year economic and fiscal outlook report and HIA new home sales for August, scheduled to release this week. **Gold** During the previous week, gold traded 2.08% higher and ended at USD1337.56 per ounce, amid broad weakness in the US Dollar, after the US Fed showed reluctance to hike interest rates in its September meeting. The yellow metal witnessed a high of USD1347.80 per ounce and a low of USD1310.90 per ounce in the previous week. The yellow metal is expected to witness its first support at USD1318.73 per ounce and second support at USD1296.37 per ounce, while the first resistance is expected at USD1355.63 per ounce and second resistance at USD1370.17 per ounce. **Crude Oil** Crude oil strengthened in the previous week, closing 3.37% higher at USD44.48 per barrel, after Venezuela stated that Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC members could agree over a deal to stabilize oil markets in a meeting next week. Gains in crude prices were boosted further, after the Energy Information Administration (EIA) reported that US crude oil inventories unexpectedly dropped by 6.2 million barrels to 504.6 million barrels during the week ended 16 September, while the American Petroleum Institute (API) indicated a substantial decline of 7.5 million barrels in the US crude stockpiles to 507.2 million barrels during last week. Crude oil witnessed a high of USD46.55 per barrel and a low of USD43.06 per barrel last week. Immediate downside, the first support level is seen at USD42.92 per barrel, followed by USD41.24 per barrel, while on the upside, the first resistance level situated in USD46.41 per barrel, followed by USD48.22 per barrel.

Source: Direct FX Forex Broker (Review and Forex Cashback up to 85%)