

[Daily Forex News and Analysis](#) - The Australian Bureau of Statistics released the consumer price index data for the third quarter. Official records showed that CPI advanced 1.3% on the year in the third quarter of 2016, exceeding forecasts of 1.1% and gaining from the one percent increase from the previous quarter. On a quarterly basis, inflation rose 0.7% beating forecasts of 0.5% and rising from 0.4% in Q2. Although inflation is still low and below the RBA's inflation target, the improvement in CPI from a year ago and on a quarterly basis is reason enough to keep the RBA on hold at its meeting next week, which should offer some support to the AUD in the near term. **AUDUSD Daily Analysis (AUD/USD News & Technical Analysis)**



AUDUSD (0.7681): The Australian dollar advanced its gains yesterday and is seen maintaining the bullish momentum after the quarterly inflation report that was released today. However, the 4-hour chart shows the AUDUSD moving in a widening wedge pattern with price closing above the 4-hour resistance zone of 0.7682 - 0.7660. We could expect the price to remain consolidated near the current levels, but the upside momentum is seen weakening. A close below the resistance zone's low of 0.7660 could signal near term

declines towards 0.7580. Watch for a median line failure plotted within the broadening wedge pattern for early clues as AUDUSD looks to post declines if price fails to hold up above 0.7682. **Pivot: 0.7615 (AUD/USD Intraday: the bias remains bullish) Our preference:** long positions above 0.7615 with targets at 0.7700 & 0.7730 in extension. **Alternative scenario:** below 0.7615 look for further downside with 0.7585 & 0.7550 as targets. **Comment:** the RSI is bullish and calls for further upside.



EURUSD Daily Analysis (EUR/USD News & Technical Analysis)



EURUSD (1.0888): EURUSD dipped to lows of 1.0850 yesterday and closed modestly bullish and in the process formed a doji outside the bar. A follow through to the upside from here could mark the start of price correction to the upside subject to 1.0900 minor resistance

which needs to be cleared. On the 4-hour chart, the Stochastics has moved up strongly, forming a higher high against the lower high in price which indicates a near term sideways price action between 1.0900 and 1.0850. The bias to the upside can be seen strengthening only on a close above 1.0900, while 1.0850 remains in focus but the downside could be limited for now. Pivot eur/usd: 1.0915 (EUR/USD Intraday: key resistance at 1.0915) Our preference: short positions below 1.0915 with targets at 1.0850 & 1.0830 in extension.

Alternative scenario: above 1.0915 look for further upside with 1.0950 & 1.0985 as targets. Comment: the RSI is mixed to bearish.



EURAUD Daily Analysis (EUR/AUD News & Technical Analysis)



EURAUD (1.4175): EURAUD broke down below the previous low at 1.4200 yesterday, but the 4-hour Stochastics is showing a bullish

divergence at the current level. A close above 1.4200 could signal near term upside in prices. The short-term corrective move towards 1.4560 marks the retest of the weekly chart's descending triangle pattern as resistance could be established at 1.4560. **Daily Forex News and Analysis**

The Australian dollar rose on Wednesday after data showing a stronger than expected rebound in domestic inflation in the last quarter quashed expectations for a near-term interest rate cut by the country's central bank.

AUDUSD hit highs of 0.7709 and was last at 0.7702, up 0.73% for the day.

Official figures showed that Australia's consumer price index rose 0.7% in the third quarter, compared to expectations for an increase of 0.5%.

Annual inflation rose by 1.3%, up from 1.0% in the second quarter and ahead of forecast of 1.1%.

The annual rate of underlying inflation also edged up, rising to 1.6% from a record low of 1.5%.

Underlying inflation rose 0.4% from a month earlier.

Subdued inflation readings in the first and second quarters prompted

the Reserve Bank of Australia to cut interest rates in May and August, bringing interest rates to a record low 1.5%.

The Aussie was also higher against the yen and the New Zealand dollar, with AUDJPY up 0.63% to 80.20 and AUDNZD climbing 0.55% to 1.0731.

NZDUSD was slightly higher at 0.7174.

The greenback backed away from nine-month peaks hit overnight, but continued to be underpinned by expectations for a near-term interest rate hike.

The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, was last at 98.57, after hitting highs of 99.09 overnight, its highest level since February 1.

The index has rallied more than 3% so far this month as hawkish remarks by Fed officials in recent weeks solidified expectations for a rate hike before the year's end.

Expectations for higher interest rates typically boost the dollar by making the currency more attractive to yield-seeking investors.

The Fed's next meeting is in November, but a rate hike ahead of the presidential election is seen as unlikely.

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