

The highlight of the week was the approval of budget plan by the US Senate as well as comments from the Federal Reserve (Fed) Chairwoman, Janet Yellen and the Bank of England (BoE) Governor, Mark Carney.

The greenback gained ground against a basket of major currencies last week, after the US Senate passed a budget blueprint for the fiscal 2018 that will ease the passage for the US President Donald Trump's massive tax reforms. Meanwhile, the Fed Chair, Janet Yellen, warned that unconventional monetary policy tools remain an option for the central bank if the US economy remains stuck in a low interest-rate regime. Separately, the Fed's Beige Book report indicated that the pace of US economic growth was "split between modest-to-moderate range", with some regions suffering major disruptions from hurricanes.

On the macro front, first time claims for the US unemployment benefits dropped to its lowest since March 1973 in the week ended 14 October, highlighting strength in the nation's labor market. Further, manufacturing activity in the Philadelphia region hit a 5-month high in October, while the New York Empire State manufacturing index unexpectedly accelerated to a 3-year high in the same month. Moreover, the nation's industrial production as well as manufacturing production, both rebounded in September. Also, the nation's NAHB housing market index surprisingly advanced to a 5-month high in October, suggesting that home builders are regaining confidence in the economy, while sales of existing homes surprisingly rebounded in September, after declining for three consecutive months. On the contrary, the nation's housing starts dipped to a 1-year low in September, amid a fallout from hurricanes Harvey and Irma, while building permits plunged in the same month.

The Pound ended the week on a weaker footing against the USD, after the BoE Governor, Mark Carney, warned that "more likely than not", inflation in Britain would peak above 3.0% in the coming months and reiterated that a rate hike might be appropriate in the coming months. Macroeconomic data showed that British annual inflation surged to a more than 5-year high in September, while retail sales sharply retreated in the same month, suggesting that a surge in inflation will further squeeze household incomes and hold back the growth of retail sector.

The Euro lost ground against the USD last week, amid fears over political instability in Europe, after the Spanish Government threatened to suspend Catalonia's autonomy and take control as the region's leader, Carles Puigdemont, refused to abandon a push for independence.

EURUSD

The EUR weakened against the USD last week, closing 0.3% lower at 1.1784, amid political turmoil in Spain as Catalonia threatened to declare independence from the nation. Meanwhile, Spanish government stated that it would suspend Catalonia's autonomy following the Catalan leader, Carles Puigdemont, refusal to drop the independence bid. On the data front, the Eurozone's ZEW economic sentiment index surprisingly eased in October. Further, the region's seasonally adjusted construction output eased on a monthly basis in August. On the other hand, the region's final consumer price index (CPI) climbed 1.5% on an annual basis in September, confirming the flash print, while seasonally adjusted trade surplus widened

more-than-expected in August. Also, the region's seasonally adjusted current account surplus widened in August. Separately, Germany's ZEW economic sentiment slightly improved in October, whereas the nation's ZEW current situation index registered an unexpected drop in the same month. During the previous week, the pair traded at a high of 1.1858 and a low of 1.1730. The pair is expected to find its first support at 1.1721 and first resistance at 1.1849. The second support is expected at 1.1661 and second resistance at 1.1917. This week, investors would look forward to the European Central Bank's interest rate decision along with the flash Markit manufacturing and services PMI data across the Eurozone. Further, the region's consumer confidence and Germany's Ifo expectations index as well as retail sales data would also be keenly watched by traders.

GBPUSD

The GBP declined against the USD last week, closing 0.72% lower at 1.3190, following comments from the BoE Governor. Losses in the Pound deepened, after data showed that UK's retail sales declined more-than-expected on a monthly basis in September. On the contrary, the nation's CPI rose 3.0% on a yearly basis in September, meeting market expectations, while the ILO unemployment rate remained steady at 4.3% in the three months to August. Further, the nation's Rightmove house price index rebounded in October, while public sector net borrowing posted a less-than-anticipated deficit in September. Meanwhile, the British Prime Minister, Theresa May and the European Commission President, Jean-Claude Juncker, agreed that the pace of negotiations over Britain's exit from the European Union should be accelerated. Additionally, European Council President, Donald Tusk stated that EU leaders have agreed to start "internal preparations" for the second phase of Brexit talks and it is likely to be held in December. The GBP hit a high of 1.3312 and a low of 1.3088 against the USD in the previous week. The pair is expected to witness its first support at 1.3081 and second support at 1.2972, while the first resistance is expected at 1.3305 and second resistance at 1.3420. Looking ahead, market participants would keep a close watch on UK's flash 3Q GDP numbers and BBA mortgage approvals data, scheduled to release this week.

USDJPY

The USD advanced against the JPY last week, closing 1.52% higher at 113.52. In economic news, Japan's final industrial production rebounded less than initially estimated on a monthly basis in August, while all industry activity index rose less-than-expected in the same month. Further, growth in the nation's machine tool orders was revised lower on an annual basis in September. In contrast, the nation's adjusted merchandise trade surplus unexpectedly narrowed in September. During the previous week, the pair traded at a high of 113.57 and a low of 111.65. The pair is expected to find its first support at 112.26 and first resistance at 114.18. The second support is expected at 110.99 and second resistance at 114.83. Moving ahead, traders would focus on Japan's national consumer price inflation and flash Nikkei manufacturing PMI, set to release this week.

USDCHF

The USD traded 1.00% higher against the CHF last week, with the pair closing at 0.9842. On the macro front, Switzerland's trade surplus widened more than market expectations in September. The USD hit a high of 0.9853 and a low of 0.9730 against the CHF in the previous week. The pair is expected to find its first support at 0.9766 and first resistance at 0.9889. The second support is expected at 0.9686 and second resistance at 0.9932. Going ahead, Switzerland's ZEW expectations index and the UBS consumption indicator, due to release this week, will be on investors' radar.

USDCAD

The USD rose against the CAD last week, closing 1.28% higher at 1.2627. The Canadian Dollar lost ground against the USD, after Canadian retail sales surprisingly fell on a monthly basis in August, while the nation's CPI rose less-than-anticipated by 1.6% on an annual basis in September. Meanwhile, the nation's manufacturing shipments surprisingly jumped in August. Separately, the Bank of Canada (BoC), in its autumn business outlook survey, revealed continued positive business sentiment across the country, while noting that business activity is becoming more entrenched. Further, the survey highlighted rising expectations for sustained sales growth across regions. However, it also showed several survey indicators moderated from strong summer results. The pair traded at a high of 1.2630 and a low of 1.2451 during the previous week. The pair is expected to witness its first support at 1.2509 and second support at 1.2390, while the first resistance is expected at 1.2688 and second resistance at 1.2748. Going forward, the Bank of Canada's monetary policy decision, due later in the week, would garner significant amount of market attention.

AUDUSD

The AUD traded 0.89% lower against the USD last week, with the pair closing at 0.7817. According to minutes of the Reserve Bank of Australia's (RBA) October meeting, policymakers stuck to the view that any change in monetary policy would be dependent on domestic economic conditions and not on moves by central banks elsewhere. Moreover, officials remained mindful of the risks associated with high household debt and called for careful monitoring. The central bank also repeated that low interest rates would remain in order to support the Australian economy. Data revealed that Australia's seasonally adjusted unemployment rate unexpectedly dropped to 5.5% in September, while the number of people employed in the nation topped market expectations in the same month. Moreover, the nation's Westpac leading index rebounded on a monthly basis in September. The AUD hit a high of 0.7889 and a low of 0.7808 against the USD in the previous week. Immediate downside, the first support level is seen at 0.7786, followed by 0.7757, while on the upside, the first resistance level situated in 0.7867, followed by 0.7919. Going ahead, market participants would keep a close watch on Australia's consumer price inflation data, the sole important release this week.

Gold

Gold fell last week, closing 1.79% lower at USD1280.47 per ounce, amid a broad strength in the greenback, as the approval of a budget blueprint by the US Senate reignited optimism over the US President, Donald Trump's tax reform plans. Last week, the precious metal traded at a high of USD1308.40 per ounce and a low of USD1277.60 per ounce. Gold is expected to find support at USD1270.13 per ounce, and a fall through could take it to the next support level of USD1258.47 per ounce. The yellow metal is expected to find its first resistance at USD1300.93 per ounce, and a rise through could take it to the next resistance level of USD1320.07 per ounce.

Crude Oil

Last week, crude oil strengthened 0.76% to close at USD51.84 per barrel, supported by concerns over crude supply as political upheaval in the Kurdistan region led to disruption in crude output. Additionally, the OPEC Secretary General, Mohammed Barkindo stated that the agreement between OPEC and non-OPEC members to curb crude production helped rebalance the crude oil market at an "accelerated pace". Oil prices gained further support, after the Energy Information Administration (EIA) disclosed that US crude oil stockpiles fell more-than-anticipated by 5.7 million barrels to 456.5 million barrels in the week ended 13 October, while the American Petroleum Institute (API) announced that US oil inventories narrowed by 7.1 million barrels to 461.4 million barrels for the same week. The commodity traded at a high of USD52.65 per barrel and a low of USD50.87 per barrel in the previous week. Crude oil is expected to find support at USD51.08 per barrel, and a fall through could take it to the next support level of USD50.08 per barrel. The yellow metal is expected to find its first resistance at USD52.86 per barrel, and a rise through could take it to the next resistance level of USD53.64 per barrel.

Source: [Direct Fx Forex Broker](#)