

USD Analysis - US Inflation data was released yesterday, with the initial reaction seeing USD pairs strengthen and Equities selloff. However, once the first 15 minutes had passed, post data, the trend reversed and the USD weakened further while Equities were short squeezed and bid higher. The US 500 Index dropped from 2672.90 to a low of 2627.7 but has since rebounded to highs of 2706.50. Gold sold off from 1330.70 to a low of 1317.20 but rebounded to currently trade around its highs of 1354.00. USDCAD moved higher after the data from 1.25763 to 1.26480 but is now trading at its lows near 1.24808. German Harmonised Index of Consumer Prices (YoY) (Jan) was released coming in unchanged at 1.4%, as expected. Gross Domestic Product (QoQ) (Q4) was also as expected at 0.6%, from 0.8% previously. Gross Domestic Product (YoY) (Q4) was 2.3% v an expected 2.2%, from 2.3% previously. Gross Domestic Product w.d.a. (YoY) (Q4) was 2.9% v an expected 3.0%, from 2.8% previously. SNB Governing Board Member Zurbrugg delivered a speech titled "Cash – a means of payment yesterday, today, and tomorrow" at the Bundesbank Cash Symposium in Frankfurt. His comments were: that the central bank is not planning to issue digital currency. He said that digital currencies won't displace cash anytime soon and they do not pose a problem for central banks currently. USDCHF moved higher from 0.93183 to 0.93582 after the comments. Italian Gross Domestic Product (QoQ) (Q4) was as expected at 1.6%, from 1.7% previously. Gross Domestic Product (YoY) (Q4) was 0.3% v an expected 0.4%, from 0.4% previously. Eurozone Gross Domestic Product s.a. (QoQ)

(Q4) was as expected, unchanged at 0.6%. Gross Domestic Product s.a. (YoY) (Q4) was also as expected at 2.7%, from 2.6% previously, which was revised up to 2.7%. Industrial Production w.d.a. (YoY) (Dec) was released at 5.2% v a consensus of 4.2% and a prior of 3.2%, which was revised up to 3.7%. Industrial Production s.a. (MoM) (Dec) was 0.4% v an expected 0.2%, from 1.0% previously, which was revised up to 1.3%. The EURUSD pair moved lower to 1.23455 after this data. US Retail Sales (MoM) (Jan) was released coming in at -0.3% against an expected 0.2%, from 0.4% previously. Retail Sales ex Autos (MoM) (Jan) was 0.0% v an expected 0.4%, from 0.4% prior, which was revised down to 0.1%. Retail Sales Control Group (Jan) was 0.0% v an expected 0.4%, from 0.3% prior. Consumer Price Index (MoM) (Jan) was 0.5% v an expected 0.3%, from 0.1% previously, which was revised up to 0.2%. Consumer Price Index (YoY) (Jan) was 2.1% v an expected 1.9%, from 2.1% previously. Consumer Price Index Ex Food & Energy (YoY) (Jan) was 1.8% v an expected 1.7%, from 1.8% prior. Consumer Price Index Ex Food & Energy (MoM) (Jan) was 0.3% v an expected 0.2%, from 0.3% previously, which was revised down to 0.2%. USDJPY went to a high of 107.541 before dropping back to 107.122. EURUSD dropped to 1.22757 from a high of 1.23508. GBPUSD dropped from 1.38874 to a low of 1.37996. Japanese Machinery Orders (YoY) (Dec) were released at -5.0% with a consensus of 2.2% expected, from 4.1% prior. Machinery Orders (MoM) (Dec) were released at -11.9% with a consensus of -2.3% expected, from 5.7% previously. At 01:30 GMT, Australian

Unemployment Rate s.a. (Jan) came in as expected at 5.5%, from 5.5% previously, which was revised up to 5.6%. The Employment Change s.a. (Jan) was 16.0K v an expected 15.0K, from a previous 34.7K, which was revised down to 33.5K. The Participation Rate (Jan) was as expected at 65.6%, from a previous number of 65.7%.

Consumer Inflation Expectation (Feb) was 3.6% from a reading of 3.7% previously. EURUSD is up 0.14% overnight, trading around 1.24662. USDJPY is down -0.50% in early session trading at around 106.469. GBPUSD is up 0.08% to trade around 1.40089. AUDUSD is up 0.22% overnight, trading around 0.79415. Gold is up 0.16% in early morning trading at around \$1,352.50. WTI is up 1.10% this morning, trading around \$61.36. Major data releases for today: At 08:15 GMT, ECB's Mersch will speak and this may impact on moves in EUR crosses. At 10:45 GMT, ECB's Praet will speak. Comments from the speech may impact EUR crosses. At 12:00 GMT, ECB's Lautenschlager will speak and any comments made could move EUR pairs. At 13:30 GMT, US Continuing Jobless Claims (Feb 2) expected at 1.925M from a previous number of 1.923M. Initial Jobless Claims (Feb 9) is expected to come in at 230K with a prior reading of 221K. Philadelphia Fed Manufacturing Survey (Feb) is expected at 21.1 against a prior 22.2. USD crosses could see increased volatility around this data release. At 14:15 GMT, US Industrial Production (MoM) (Jan) will be released. The consensus is for 0.2% from 0.9% previously. Capacity Utilization (Jan) is also released at this time, with an expectation for 78.0% v 77.9% prior. USD crosses may be

impacted by this release. At 15:00 GMT, US NAHB Housing Market Index (Feb) will be released and is expected to be unchanged at 72. This release may affect USD pairs. At 18:30 GMT, Canadian BOC Governing Council Member will speak at the Manitoba Association for Business Economics in Winnipeg. Comments may affect CAD crosses. At 21:30 GMT, New Zealand Business NZ PMI (Jan) is due to be released. The prior number was 51.2. NZD could see an increase in volatility due to this event. At 22:30 GMT, Australian RBA Governor Lowe will testify before the House of Representatives' Standing Committee on Economics in Sydney. Volatility in AUD crosses is often experienced during his speeches. At 23:50 GMT, Japanese Foreign Investment in Japan stocks (Jan 5) will be released with a previous number of ¥126.7B. Foreign Bond Investment (Jan 5) had a prior number of ¥866.6B.

Today's important market news

Time: GMT

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- || 10:45  ECB's Praet Speech

 - || 12:00  ECB's Lautenschläger Speech

 - || 13:30  Initial Jobless Claims

 - || 13:30  Continuing Jobless Claims

 - || 13:30  Philadelphia Fed Manufacturing Survey

 - || 14:15  Capacity Utilization

 - || 14:15  Industrial Production (MoM)

 - || 15:00  NAHB Housing Market Index

 - || 18:30  BoC Schembri Speech

 - || 21:30  Business NZ PMI

 - || 22:30  RBA's Governor Philip Lowe Speech

 - || 23:50  Foreign investment in Japan stocks

 - || 23:50  Foreign bond investment

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