


**Fresh Airstrikes on Syria, US Denies Involvement** - There have been fresh airstrikes on Syria overnight, with an attack on targets and airfields near the Israeli border. The US has said that it isn't conducting any military activity in the area. Syrian air defences have engaged and intercepted missiles. This has led to very little reaction in markets so far, as details surrounding the origin of the attack are currently unavailable. Yesterday's trading showed a break down in correlation as FX took control and indices moved in conjunction with their currencies. European indices were down; the UK 100 fell -0.91% to close at 7198.20, while GBPUSD rose to 1.43377 from 1.42366. US Indices climbed higher, with the US 500 Index up 0.81% to 2677.84. China has told the UK that a failure to reach a deal with the EU regarding Brexit would lead to no trade deal between the two nations. "Only a deal with the European Union will pave the way for the UK to hold more detailed" talks with big markets", according to Zhang Ming, head of the Chinese mission to the European Union. This reflects the weaker position the UK will face upon leaving the EU. "If there is not a Brexit deal, there won't be things to talk about after that," he told Politico. "If the EU and the UK fail to reach agreement in the first place, the UK's agreements with other parties may have to face great uncertainties." US Retail Sales (MoM) (Mar) was released at 0.6% v an expected 0.4%, from -0.1% previously. Retail Sales Ex-Autos (MoM) (Mar) was as expected, unchanged at 0.2%. Retail Sales Control Group (Mar) was also as expected at 0.4%, from 0.1% prior, which was revised down to 0.0%. This data


rebounded this month after slipping below zero over the previous two readings and missing expectations. This month matched or exceeded expectations, putting the data back on track and making up for the seasonal and weather-related drop. USDJPY moved higher from 107.242 to 107.386 after this data release. FOMC Member Kaplan gave a speech with the following comments: Cyclical wage pressure will build in 2018 and unemployment will fall to 3.7%. The pricing power of business is more limited than we are used to seeing at this stage in the cycle. Sub 2% growth is expected in 2020 as fiscal stimulus fades and monetary policy tightens. Trade is a critical opportunity for faster growth. Without structural reforms, the US will be sluggish in the mid and long-term. He remains very concerned fiscal stimulus will turn into a headwind in 3 to 5 years. He expects 3 rate hikes this year, more next year. The 10-year yield at 2.85% puts a limit on how high they can raise rates. He thinks Powell is likely to continue with a gradual, patient approach. He states that the US cannot cut immigration and simultaneously grow GDP and the workforce. FOMC Member Bostic spoke about the economy at the Shoals Chamber of Commerce, in Alabama. The following comments were made: The Fed is trying to achieve some notion of full employment. The Fed has not seen much movement in wages. The Fed gets mixed reactions from firms on pricing power. FOMC Member Kashkari spoke at an event and made the following comments: We must look beyond U3 to gauge slack. No signs of sudden acceleration in inflation. Slow wage growth shows slack. Main


Street hasn't fully recovered from the crisis. We are forgetting the lessons of the financial crisis. The RBA Meeting Minutes were released. There was broad agreement that there was not a strong case for a near-term move in policy and the next move in rate is likely to be up. Progress on unemployment and inflation is likely to only be gradual. Inflation is to remain low for some time given retail competition and slow wage growth. The economy appeared likely to grow faster than in 2017. An appreciation in the AUD would slow the expected acceleration in the economy. Wages to pick up gradually, as leading indicators pointed to more job gains. There is still spare capacity in the labour market and underemployment is at high levels. High household debt creates uncertainty for the consumption outlook. Conditions in the global economy remain positive, while Chinese debt levels are an important risk. AUDUSD fell from 0.77870 to 0.77603 after the publication of the minutes. Chinese Gross Domestic Product (YoY) (Q1) came in at 6.8% against 6.7% expected, from 6.8% prior. Gross Domestic Product (QoQ) (Q1) came in at 1.4% against 1.5% expected, from 1.6% prior. This data shows a stabilisation in the yearly figure and a slight dip in the quarterly number. EURUSD is up 0.07% overnight, trading around 1.23875. USDJPY is down -0.08% in early session trading at around 107.026. GBPUSD is up 0.05% this morning, trading around 1.43428. Gold is down -0.02% in early morning trading at around \$1,345.39. WTI is up 0.23% this morning, trading around \$66.52.


## Today's important market news


Time: GMT


III 08:30  Average Earnings excluding Bonus (3Mo/Yr)


III 08:30  Average Earnings including Bonus (3Mo/Yr)


II 08:30  ILO Unemployment Rate (3M)


II 08:30  Claimant Count Change


II 09:00  ZEW Survey - Current Situation


II 09:00  ZEW Survey - Economic Sentiment


II 12:30  Housing Starts (MoM)

II 12:30  Building Permits (MoM)


II 13:15  FOMC Member Williams speech


II 13:15  Industrial Production (MoM)

II 13:15  Capacity Utilization


II 14:00  Fed's Quarles speech


II 14:00  GDT Price Index


II 15:00  FOMC Member Harker Speech

II 21:40  FOMC Member Bostic speech

II 23:50  Adjusted Merchandise Trade Balance

II 23:50  Merchandise Trade Balance Total

II 23:50  Imports (YoY)

II 23:50  Exports (YoY)

**Source: [Fxpro Forex Broker](#) [Fxpro Forex Cashback 4.25\(Majors\)](#)  
[6.8\(Minors\) USD Per lot](#)**