

[text] **Source:** [XM Forex Broker \(Review and Forex Rebates\)](#) The US dollar managed to stabilize during the Asian session as there was no further devaluation out of China and the previous day's economic data helped the greenback. In China, the central bank fixed the dollar / yuan exchange rate mid-point at a slightly lower level; implying that the currency would not continue to devalue. This brought some calm in financial markets following the previous days' uncertainty and volatility. Specifically, the PBOC was looking like defending the area around the 6.40 level and the mid-point was set at 6.3975. Market participants were still keeping an eye on China, on fears that it might continue devaluing its currency in coming days and weeks. The US dollar was helped by the previous day's advance retail sales numbers, which met expectations and meant that the Fed is still on course to raise interest rates in September. Weekly jobless claims were also relatively low, boosting the case for a rate hike. The New Zealand dollar was under pressure after retail sales for the second quarter came in much lower than expectations and the previous quarter's number was also revised down. This boosts the odds of further rate cuts by the Reserve Bank of New Zealand. In other news, the price of oil tumbled again to a fresh 6-year low, pressuring oil-producer countries' currencies. The Greek parliament, following a marathon session approved the new bailout memorandum, although Prime Minister Tsipras was still facing a significant number of rebels within his own party. Euro / dollar was not far from Wednesday's 1 ½ month high of 1.1215, as it traded at 1.1164. Looking ahead, the day is likely

to be a busy one with the highlight being Eurozone GDP for the second quarter. The flash estimate is expected to show a 0.4% quarter-on-quarter expansion, with the year-on-year growth rate rising to 1.3%; a respectable performance given the Eurozone's past economic performance. Ahead of that, German GDP slightly missed expectations by coming in at 0.4% quarter-on-quarter instead of 0.5% expected. Later during the US session, producer prices for July will be followed by industrial output and capacity utilization. Last but not least will be the preliminary consumer sentiment number from the University of Michigan, which is expected to remain steady following the previous month's drop. [/text]