

Weekly Forex Report (2015.10.26) Source: [Direct FX](#)

[Broker\(Review and Forex Rebates Up to 85%\)](#) Last week, the ECB President, Mario Draghi took the market by surprise after he dropped hints that the central bank was prepared to slash benchmark interest rates and expand its massive bond purchasing QE programme beyond its September 2016 deadline, in order to shore up economic growth and ultralow inflation in the Euro-zone. He further added that a stronger euro, slowdown in emerging markets and weakening oil prices continue to hamper the region's growth and inflation outlook. Macroeconomic data released during the week showed that German producer prices slipped more than expected for September, pulled lower by energy prices. Additionally, the nation's manufacturing activity declined more than consensus estimates for October as output and new orders rose at a slower pace. On the other hand, Germany's services sector activity quickened more than expected in October, while the Euro zone's services as well as manufacturing activity growth surprisingly expanded in the same month. Other data showed that the region's consumer confidence index decreased more than expected dampening consumers' optimism about the Euro-zone's economic outlook. In the US, data released during the week indicated that the number of Americans filing for jobless benefits continued to remain near the lowest level in four decades in the week ended 10 October, thus highlighting an improving picture of labor market's health and prospects for employment growth. Meanwhile, housing starts in the nation rebounded stronger than expected on a

monthly basis in September, while building permits unexpectedly retreated in the same period. Later in the week, data showed that the US manufacturing PMI notched a five-month high level, thus indicating that manufacturing sector in the world's biggest economy continues to expand moderately. Also, existing home sales in the nation grew to its second highest level in eight years, as continued low borrowing rates supports the housing recovery in the nation. The British Pound traded on a stronger footing against most of its peers, after retail sales in the UK soared to a two-year high on a monthly basis in September, boosted by bumper beer sales due to the Rugby World Cup hosted in England and Wales. During the week, the BoE Governor, Mark Carney in his speech mentioned that Britain has been the leading beneficiary of the EU's single market and the membership has helped lift the nation's growth and living standards, while also enhancing UK's flexible labor market and dynamism. However, he also warned that closer Euro zone integration could threaten UK's financial stability and officials need to safeguard the interest of non-members.

EURUSD Last week, the EUR traded 2.91% lower against the USD and closed at 1.1018, following dovish comments by the ECB Chief. Last week, the ECB President, Mario Draghi signaled that the central bank was prepared to expand its massive €1.1 trillion bond buying programme. Also, he also added that policymakers would reassess the economy for any cues on whether they are providing enough stimulus measures, at its December policy meeting. He also

highlighted the downside risks to both economic growth and inflation arising from slowing growth in China and other developing economies, as well as weak commodity prices. In other economic news, the Euro-zone's consumer confidence index plunged more than expected in October, largely on fears of a slowdown in China's economy. On the other hand, the manufacturing as well as the services PMI across the Euro-zone continued to remain in the expansion territory. However, manufacturing activity in Germany slowed more than expected in October. During the previous week, the pair traded at a high of 1.1388 and a low of 1.0997. The pair is expected to witness its first support at 1.0881 and second support at 1.0743, while the first resistance is expected at 1.1272 and second resistance at 1.1525. This week, investors would focus on Germany's CPI, employment data as well as the IFO survey data for further cues. Additionally, Germany's Gfk consumer confidence index data would also be eyed by market participants. **GBPUSD** The GBP traded 0.8% lower against the USD last week, with the pair closing at 1.5314. In economic news, UK retail sales surged more than market forecasts and recorded its fastest pace of growth in almost two years on a monthly basis in September, thus indicating that the UK economy was in robust health. Meanwhile, UK's public sector borrowing narrowed in the first six months of the year. During the previous week, the pair traded at a high of 1.5510 and a low of 1.5307. Immediate downside, the first support level is seen at 1.5244, followed by 1.5174, while on the upside, the first resistance level

situated in 1.5447, followed by 1.5579. Looking ahead, investors would closely monitor Britain's crucial Q3 GDP data to gauge the strength in the UK economy. Meanwhile, the nation's Gfk consumer confidence, mortgage approvals and consumer credit data would garner lot of market attention. **USDJPY** The USD advanced against the JPY last week, closing 1.69% higher at 121.48. On the macro front, Japan's annual export growth rose at the slowest pace in more than a year in September, reviving fears that weak global demand may push the Japanese economy into recession. Meanwhile, manufacturing activity in the nation accelerated at its fastest pace in 19 months in October. Other economic data showed that Japan's adjusted merchandise trade deficit narrowed in September while the all industry activity index slipped in line with market expectations on a monthly basis in August. Separately, the leading economic index remained unchanged, while the coincident index dropped in September. The USD hit a high of 121.48 and a low of 119.14 against the JPY in the previous week. The pair is expected to find support at 119.91, and a fall through could take it to the next support level of 118.35. The pair is expected to find its first resistance at 122.26, and a rise through could take it to the next resistance level of 123.04. Moving ahead, market participants look forward to the BoJ's interest rate decision and followed by the monetary policy statement. Also, Japan's national CPI and industrial production data would come under investor's radar. **USDCHF** Last week, the USD traded 2.65% higher against the CHF and closed at 0.9785. Macroeconomic data

released during the week showed that Switzerland's trade surplus advanced more than expected in September, as the nation's exports rebounded strongly on a monthly basis in September. Meanwhile, the nation's M3 money supply registered a rise on a yearly basis in September. The USD hit a high of 0.9802 and a low of 0.9494 against the CHF in the previous week. The pair is expected to witness its first support at 0.9586 and second support at 0.9386, while the first resistance is expected at 0.9894 and second resistance at 1.0001. With a light economic calendar in Switzerland this week, the nation's UBS consumption and the KOF's leading indicator's data would be closely monitored by market participants. **USDCAD** The USD traded 1.96% higher against the CAD last week, with the pair closing at 1.3167. Last week, the BoC opted to maintain benchmark interest rates unchanged at 0.5%, following two rate cuts earlier this year. However, the central bank lowered growth forecasts for the next two years. The BoC in its monetary policy report reported that the economy would grow 2.0% in 2016 and 2.5% in 2017, down from 2.3% and 2.6% growth projected earlier. In other economic news, consumer price inflation in Canada weakened more than anticipated on a monthly basis in September while retail sales rose for the fourth consecutive month, beating market expectations on a monthly basis in August, boosted by sales at automobile and parts dealers. The USD hit a high of 1.3200 and a low of 1.2900 against the CAD in the previous week. The pair is expected to find support at 1.2977, and a fall through could take it to the next support level of 1.2788. The pair

is expected to find its first resistance at 1.3278, and a rise through could take it to the next resistance level of 1.3389. Moving ahead, Canada's GDP data for August would keep investors on their toes, as the nation's economy rebounded strongly on a monthly basis in the preceding month. **AUDUSD** The AUD weakened against the USD last week, closing 0.57% lower at 0.7220. Losses in the Aussie were kept in check, after the RBA minutes of its recent monetary policy meeting downplayed the chances of further easing by the central bank. The minutes also indicated that overall growth in the nation's economy improved in the third quarter as the nation's economy was able to move away from its dependence on the mining sector. In other economic news, Australia's Westpac leading index rebounded on a monthly basis in September, while the CB leading index recorded a decline in August. The AUD hit a high of 0.7309 and a low of 0.7182 against the USD in the previous week. The pair is expected to find support at 0.7163, and a fall through could take it to the next support level of 0.7109. The pair is expected to find its first resistance at 0.7289, and a rise through could take it to the next resistance level of 0.7362. Going forward, investors would keep a close eye on Australia's consumer prices along with the producer price index data to get better insights in the nation's economy. **Gold** During the previous week, gold traded 1.09% lower and ended at USD1164.45 per ounce, as a broad strength in the greenback hit the demand for the precious yellow metal. Last week, the precious metal traded at a high of USD1181.40 per ounce and a low of USD1158.60 per ounce.

Gold is expected to find support at USD1153.80 per ounce, and a fall through could take it to the next support level of USD1144.80 per ounce. The yellow metal is expected to find its first resistance at USD1176.60 per ounce, and a rise through could take it to the next resistance level of USD1190.40 per ounce. Going forward, bullion investors would closely monitor the Fed's monetary policy meeting scheduled this week, after the recent economic data depicted a mixed picture of the US economy. **Crude Oil** Last week, crude oil traded 5.63% lower and ended at USD44.60 per barrel, as persistent concerns over global supply glut continue to drag oil prices down. Oil prices further came under pressure, after the Energy Information Administration (EIA) showed that US crude oil stocks expanded by 8.3 million barrels to a five-month high of 476.6 million barrels in the week ended 16 October. Separately, the American Petroleum Institute (API) indicated that US oil inventories narrowed by 1.9 million barrels to 462 million barrels last week. Crude oil witnessed a high of USD47.77 per barrel and a low of USD44.20 per barrel last week. Crude oil is expected to find support at USD43.28 per barrel, and a fall through could take it to the next support level of USD41.95 per barrel. The yellow metal is expected to find its first resistance at USD46.85 per barrel, and a rise through could take it to the next resistance level of USD49.09 per barrel.