Weekly Forex Update(2015.12.07) Source: Direct Fx Forex Broker (Review and Forex Cashback up to 85%) Last week, the forex market was dictated by the robust US non-farm payroll report and the ECB's disappointing stimulus boost. Macroeconomic data released showed that the US non-farm payrolls in November came in stronger than forecasted, thus strengthening speculation that the Fed will raise interest rates this month for the first time in nearly a decade. Additionally, the nation's unemployment rate remained unchanged at a 7-1/2-year low of 5.0% and is in a range many Fed officials consider as consistent with full employment, thereby suggesting a vote of confidence in the US job market. Separately, the Fed Chairperson, Janet Yellen, signaled that the US economy has recovered substantially and the nation is headed towards further economic growth and firmer consumer prices, thereby all but guaranteeing that the Fed officials at this month's FOMC meeting will raise benchmark key rate. Other economic data showed that the US factory orders rebounded in October after two consecutive months of declines, helped by rising demand for aircraft, computers and machinery. However, the nation's ISM manufacturing index showed contraction, dipping to its lowest levels since June 2009 in November, suggesting that the US economy lost some momentum. Meanwhile, construction spending surged more than expected on a monthly basis in October, despite some slowing in consumer spending and continuing weakness in manufacturing. Also, the US private employers added more than expected jobs in November, indicating that job growth would continue to remain strong enough in the country. The Euro ended the week on a stronger footing, after the ECB President, Mario Draghi failed to deliver the major stimulus packages which had been expected to kick-start the Euro-economy at the central bank's recent monetary policy meeting. The ECB slashed its interest rate further into negative territory to a fresh low of -0.3% and also revised lower its 2016 inflation forecast to 1.0% from 1.1%, while the 2017 outlook slipped to 1.6% from 1.7%. Additionally, the ECB extend its massive €60.00 billion a month bond-buying package to at least March 2017 in an effort to achieve its desired inflation level and boost lackluster growth in the Euro zone. Macroeconomic data released during the week showed that the preliminary estimate of Germany's consumer prices slightly picked up on a monthly basis in November, as higher prices for food, services as well as higher rents edged up. Despite the increase, Germany's prices data still remained far from the ECB's inflation goal of 2.0%. Meanwhile, retail sales in Germany surprisingly dipped on a monthly basis in October, pointing that the positive sentiment was waning for the Euro-zone's biggest economy.

EURUSD During the previous week, the EUR traded 2.65% higher against the USD and ended at 1.0874, after the ECB's decision did not match investor's expectations for stimulus measures. The ECB slashed the deposit rate by 10 basis points to -0.3%. Post the interest rate decision, the ECB President, Mario Draghi, announced that the central bank would extend its massive €60.0 billion a month bond-buying scheme to at least March 2017. He further stated that the ECB will not hesitate to ease its policy further, if needed, in order to boost inflation toward its 2.0% goal. In economic news, the Eurozone's preliminary annual consumer price inflation (CPI) advanced in November, while the German flash CPI rose as expected on a monthly basis during the same month. Additionally, the German unemployment rate surprisingly declined in November, reaching its lowest level in 24 years, whereas the unemployment rate in the Eurozone fell for the second straight month in October. The EUR hit a high of 1.0982 and a low of 1.0523 against the USD in the previous week. The pair is expected to find support at 1.0604, and a fall through could take it to the next support level of 1.0335. The pair is expected to find its first resistance at 1.1063, and a rise through could take it to the next resistance level of 1.1252. This week, investors would focus on the Eurozone's Q3 GDP data to gauge the strength in the European economy. Additionally, Germany's consumer price inflation data would also be keenly watched by investors.

GBPUSD Last week, the GBP traded 0.44% higher against the USD and closed at 1.5107. On the macro economic front, mortgage approvals in the UK advanced at a less-than-anticipated pace in October. Moreover, the nation's Markit manufacturing PMI declined more-than-expected in November falling back from a surprisingly sharp spike in PMI for October while the UK Markit services PMI which makes up more than three-quarters of the private sector economy, surprisingly rose during the same month, notching its highest level since July 2015. The GBP hit a high of 1.5161 and a low of 1.4895 against the USD in the previous week. Immediate downside, the first support level is seen at 1.4948, followed by 1.4788, while on the upside, the first resistance level situated in 1.5213, followed by 1.5320. Looking ahead, investors anxiously await the BoE's interest rate decision. Meanwhile, Britain's industrial production and the NIESR GDP estimate would also generate lot of market attention.

USDJPY Last week, the USD traded 0.28% higher against the JPY and closed at 123.19, following the release of upbeat US non-farm payrolls data. In economic news, Japan's national flash industrial production advanced at a less-than-expected pace in October and the nation's housing starts unexpectedly declined during the same month. Additionally, Japan's Nikkei Manufacturing PMI advanced at its fastest pace in 20 months in November suggesting that the world's third biggest economy is starting to turn around from a recession. In contrast, the nation's Markit services PMI declined during the same period. Last week, the BoJ Deputy Governor, Kikuo Iwata, warned that a further slowdown in China and other emerging economies posed the biggest risk to Japan's economic outlook and is likely to foil Japan's bid to achieve 2.0% inflation target in the next fiscal year. He also mentioned that the central bank will not hesitate to ease monetary policy in case such a scenario plays out. The pair traded at a high of 123.68 and a low of 122.30 during the previous week.

Immediate downside, the first support level is seen at 122.42, followed by 121.67, while on the upside, the first resistance level situated in 123.81, followed by 124.44. Moving ahead, market participants would look forward to the release of Japan’s Q3 GDP and trade balance data, this week.

USDCHF During the previous week, the USD traded 3.15% lower against the CHF and ended at 0.9970. In economic news, Switzerland’s GDP unexpectedly stagnated on a quarterly basis in 3Q 2015, as overvalued Swiss Franc and weak performance in the energy, construction and financial sector continued to weigh on the nation’s economy. Also, the Swiss KOF leading indicator dropped more-than-expected in November, reaching its lowest level since April. Furthermore, Switzerland’s retail sales declined in October and the nation’s consumer price inflation surprisingly fell on a monthly basis in November. Investors had expected the index to remain flat. The USD hit a high of 1.0322 and a low of 0.9875 against the CHF in the previous week. Immediate downside, the first support level is seen at 0.9789, followed by 0.9609, while on the upside, the first resistance level situated in 1.0235, followed by 1.0501. Going forward, investors this week would closely monitor the SNB’s interest rate decision and Switzerland’s unemployment rate data for further cues in the Swiss Franc.

USDCAD Last week, the USD traded marginally higher against the CAD and closed at 1.3377. The CAD weakened, after Canada’s GDP declined more-than-expected in September, raising doubts about the economic recovery after entering the final months of the year and into 2016. Additionally, the nation's unemployment rate unexpectedly rose to 7.1% in November. On the other hand, the nation's current account deficit narrowed to reach its lowest level this year. Separately, the BoC kept benchmark interest rates steady at 0.5%, at par with market expectations. In a statement accompanying the rate decision, the central bank indicated that the Canadian economic growth has been in sync with its October forecasts. However, the bank acknowledged that risk in the nation's housing sector continuous to be a prime concern. The USD hit a high of 1.3417 and a low of 1.3293 against the CAD in the previous week. The pair is expected to find support at 1.3307, and a fall through could take it to the next support level of 1.3239. The pair is expected to find its first resistance at 1.3431, and a rise through could take it to the next resistance level of 1.3486. Moving ahead, market participants would concentrate on Canada's housing starts and building permits data for further direction in the CAD.

AUDUSD Last week, the AUD traded 2.02% higher against the USD and closed at 0.7338. Last week, the RBA kept interest rates unchanged at a record low of 2.0%, meeting investor expectations. Further, the central bank stated that the Australian economy continues to expand at a moderate pace, as the labor market remains resilient. On the data front, Australia's GDP advanced more-than-expected on a quarterly basis in 3Q 2015, as a sharp increase in mining activity boosted net exports. Also the nation's AIG performance of manufacturing index climbed in November and building permits surprisingly rose in October. On the other hand, the nation's AiG performance of service index fell in November while HIA new home sales continued to decline in October. The pair traded at a high of 0.7387 and a low of 0.7171 during the previous week. The pair is expected to find support at 0.7210, and a fall through could take it to the next support level of 0.7082. The pair is expected to find its first resistance at 0.7427, and a rise through could take it to the next resistance level of 0.7515. Moving ahead, market participants would keep a close eye on Australia's unemployment rate as well as home loans data.

Gold Last week, gold rose 2.74% to close at USD1086.44 per ounce. However, gains in gold prices were capped after a robust US non-farm payrolls data supported the case for a December Fed interest rate hike. The yellow metal witnessed a high of USD1088.30 per ounce and a low of USD1045.40 per ounce in the previous week. The yellow metal is expected to witness its first support at USD1058.37 per ounce and second support at USD1030.43 per ounce, while the first resistance is expected at USD1101.27 per ounce and second resistance at USD1116.23 per ounce.

Crude Oil Last week, crude oil weakened 4.17% to close at USD39.97 per barrel, after the Organization of the Petroleum Exporting Countries (OPEC) announced that it would keep its current production level unchanged at around 31.5 million barrels per day in order to retain market share. Oil prices further came under pressure, after the Energy Information Administration (EIA) reported that US crude oil stocks rose more-than-expected by 1.2 million barrels to 489.4 million barrels in the week ended 27 November. Additionally, the American Petroleum Institute (API) indicated that US oil inventories increased by 1.6 million barrels last week. Moreover, Last week, the commodity traded at a high of USD42.61 per barrel and a low of USD39.60 per barrel. Immediate downside, the first support level is seen at USD38.94 per barrel, followed by USD37.76 per barrel, while on the upside, the first resistance level situated in USD41.95 per barrel, followed by USD43.78 per barrel.