

**Weekly Currency Report Source:** [Direct Fx Broker \(Review and Forex Rebates up to 85%\)](#) **Weekly Forex Update** Last week, data released in the US showed that the nation's consumer confidence index advanced more-than-expected in December, as the current state of the economy and a robust job market helped cheer consumers. Additionally, the S&P/Case-Shiller index of 20 metropolitan areas rose above market expectations on a monthly basis in October. On the other hand, the Dallas Fed manufacturing business index plummeted in December to its lowest reading since May 2015, remaining in contractionary territory throughout 2015. Moreover, pending home sales in the US surprisingly declined for the third time in four months on a monthly basis in November, as tight supplies and rising home prices kept buyers at bay. Further, initial jobless claims rose more-than-expected to a nearly six-month high level in the week ended 26 December. The Euro ended the week in the red against its peers. In economic news, private sector loans in the Eurozone rose on an annual basis in November. However, growth in the region's seasonally adjusted M3 money supply slowed slightly on a yearly basis in November. Meanwhile in Italy, consumer confidence weakened for the first time in five months in December, whereas business confidence unexpectedly declined during the same month. Additionally, the nation's producer price index fell further on a monthly basis in November. The Japanese Yen ended the week on a stronger footing against its major counterparts. Last week, the BoJ board member, Yukitoshi Funo, assured that the central bank is on

track to meet the 2.0% inflation target as companies are steadily raising prices of their goods. He further indicated that the central bank will look at long-term economic trend in guiding monetary policy and will not expand stimulus measures automatically in response to a short-term dip in prices. In China, data released last week painted a mixed picture of the nation's economy with the manufacturing sector and services industry showing different growth momentums. The NBS manufacturing PMI rose less-than-expected in December. On the other hand, the non-manufacturing PMI ended 2015 on a strong note by recording its highest reading since August 2014 in December, indicating a bigger role for the service sector in supporting the nation's slowing economy. Separately, the International Monetary Fund (IMF) Chief, Christine Lagarde, warned that the pace of global economic growth will be "disappointing and uneven" in 2016 and that the outlook for the medium-term has also deteriorated, with rising US interest rates, Chinese slowdown and disappointing world trade contributing to global economic uncertainty. She further stated that the financial sector in many countries still suffer from weaknesses and that financial risks are rising in emerging markets.

**EURUSD** Last week, the EUR traded 0.9% lower against the USD and closed at 1.0866. On the economic front, private sector loans in the Eurozone advanced on an annual basis in November. Elsewhere in Italy, consumer confidence declined for the first time in five months in December, whereas business confidence unexpectedly fell

during the same month. Moreover, the nation's producer price index fell further on a monthly basis in November. The EUR hit a high of 1.0993 and a low of 1.0853 against the USD in the previous week. The pair is expected to find its first support at 1.0815 and first resistance at 1.0955. The second support is expected at 1.0764 and second resistance at 1.1044. This week, investors would focus on the manufacturing, services PMI and consumer price inflation data across the Euro-zone to gauge the strength in the European economy. Additionally, Eurozone and Germany's unemployment rate data would also be keenly watched by investors.

**GBPUSD** Last week, the GBP traded 1.14% lower against the USD and closed at 1.4742. In economic news, UK's nationwide house price index advanced more-than-expected to an 8-month high level on a monthly basis in December, thus signaling growing momentum in the nation's housing market. The GBP hit a high of 1.4934 and a low of 1.4726 against the USD in the previous week. Immediate downside, the first support level is seen at 1.4668, followed by 1.4594, while on the upside, the first resistance level situated in 1.4875, followed by 1.5008. Looking ahead, investors await the release of UK's manufacturing, services and construction PMI along with mortgage approvals data this week.

**USDJPY** During the previous week, the USD traded 0.12% lower against the JPY and ended at 120.20. The pair traded at a high of 120.67 and a low of 120.01 during the previous week. Immediate downside, the first support level is seen at 119.91, followed by

119.63, while on the upside, the first resistance level situated in 120.58, followed by 120.96. Moving ahead, market participants look forward to the release of Japan's Nikkei manufacturing PMI data scheduled this week.

**USDCHF** Last week, the USD traded 1.55% higher against the CHF and closed at 1.0017. In economic news, Switzerland's UBS consumption indicator advanced in November. The USD hit a high of 1.0026 and a low of 0.9858 against the CHF in the previous week. The pair is expected to find its first support at 0.9908 and first resistance at 1.0076. The second support is expected at 0.9799 and second resistance at 1.0135. Going forward, investors this week would closely monitor Switzerland's consumer price inflation and unemployment rate data for further cues in the Swiss Franc.

**USDCAD** Last week, the USD traded 0.06% higher against the CAD and closed at 1.3841. During the previous week, the pair traded at a high of 1.3942 and a low of 1.3816. The pair is expected to find support at 1.3790, and a fall through could take it to the next support level of 1.3740. The pair is expected to find its first resistance at 1.3917, and a rise through could take it to the next resistance level of 1.3993. Moving ahead, market participants would concentrate on Canada's unemployment rate, RBC manufacturing PMI as well as international merchandise trade data for further direction in the CAD.

**AUDUSD** The AUD traded 0.23% higher against the USD last week, with the pair closing at 0.7287. On the economic front, private sector

credit growth in Australia rose less-than-anticipated on a monthly basis in November. Additionally, the nation's AIG performance of manufacturing index fell in December. The pair traded at a high of 0.7329 and a low of 0.7245 during the previous week. Immediate downside, the first support level is seen at 0.7245, followed by 0.7202, while on the upside, the first resistance level situated in 0.7329, followed by 0.7371. Moving ahead, investors would keep a close eye on Australia's AIG Performance of construction and services indices, in addition to building permits and retail sales data, to gauge the strength in the nation's economy.

**Gold** Gold traded 1.39% lower during the previous week, closing at USD1061.10 per ounce, amid a broad strength in the greenback and as robust US consumer confidence data dented demand for the precious yellow metal. The yellow metal hit a high of USD1075.90 per ounce and a low of USD1056.50 per ounce in the previous week. Gold is expected to find support at USD1052.17 per ounce, and a fall through could take it to the next support level of USD1044.63 per ounce. The yellow metal is expected to find its first resistance at USD1071.57 per ounce, and a rise through could take it to the next resistance level of USD1083.43 per ounce.

**Crude Oil** Crude oil weakened in the previous week, closing 2.78% lower at USD37.04 per barrel, after an unexpected increase in US crude oil inventories, signaling a persistent supply glut. The Energy Information Administration (EIA) reported that US crude stockpiles rose by 2.6 million barrels to 487.4 million barrels in the week ended

25 December, while the American Petroleum Institute (API) disclosed that US oil inventories rose by 2.9 million barrels last week. Additionally, signs that Saudi Arabia will not limit its oil production further weighed on oil prices. Last week, the commodity traded at a high of USD37.96 per barrel and a low of USD36.22 per barrel. Crude oil is expected to find support at USD36.14 per barrel, and a fall through could take it to the next support level of USD35.31 per barrel. The yellow metal is expected to find its first resistance at USD37.88 per barrel, and a rise through could take it to the next resistance level of USD38.79 per barrel.