Weekly Currency Report (2016.03.14) Source: [Direct Fx Broker (Review and Forex Rebates Up to 85%)]

Weekly Forex Update The highlight of the week was the European Central Bank (ECB) and the Bank of Canada's (BoC) interest rate decision. The ECB injected fresh stimulus measures, in a bid to boost sluggish inflation rates and to lift the sagging Euro-zone's economy. The central bank slashed benchmark interest rate to zero and expanded the quantitative easing program to €80.0 billion a month from €60.0 billion and deposit rate was reduced to -0.4% from -0.3%. Further, the ECB President, Mario Draghi, hinted that the central bank would reduce interest rates again only in the most extreme of circumstances. On the macroeconomic front, the Eurozone's preliminary GDP grew in line with investor expectations on a quarterly basis in 4Q 2015, mainly driven by robust investment spending. In contrast, the region's Sentix investor confidence index dropped for the third consecutive month in March and reached its lowest level since April 2015, as prolonged low inflation weighed on investor sentiment. Meanwhile, in Germany, industrial production rebounded above expectations to a six-year high level on a monthly basis in January, indicating that robust domestic demand may be helping to underpin output even as external trade cools. The BoC, in a widely expected move, kept benchmark interest rate steady at 0.5%. In a statement accompanying the decision, the central bank indicated that the global economy has progressed largely as it had projected in its January policy report. However, the BoC also expressed concerns that the nation’s financial vulnerabilities have crept higher and that the ongoing commodity-price slump has left the overall business investment in the country “very weak.” The greenback ended the week in the red. Data released showed that the US consumer credit rose less-than-expected in January. On the other hand, initial jobless claims declined to a five-month low level in the week ended 05 March 2016, signifying that the nation’s labor market remains on a steady footing. Separately, the US Fed Vice Chairman, Stanley Fischer, indicated that US inflation is likely to pick-up pace and vouched for a near-term interest rate hike. On the other hand, the Fed Governor, Lael Brainard, suggested adopting a more cautious approach before considering another rate hike. The British Pound ended the week on a strong footing. In economic news, UK’s manufacturing production rebounded in January after three straight months of declines, boosting optimism over the country's economic outlook. Further, British think-tank, the NIESR estimated that the nation’s economic growth slowed in the three months to February 2016.

EURUSD The EUR strengthened against the USD last week, closing 1.35% higher at 1.1151. The ECB cut its main refinancing rate to zero, and expanded its asset-purchase program to €80 billion a month in an effort to combat persistent weakness in the Eurozone growth and inflation. Further, the ECB Chief, Mario Draghi, indicated that he doesn’t anticipate the need to cut rates further. On the economic front, the Eurozone’s preliminary GDP expanded by 0.3% QoQ, in line with market expectations in 4Q 2015. On the other hand, the region's Sentix investor confidence index fell unexpectedly to its lowest level since April 2015. Meanwhile, in Germany, the seasonally adjusted industrial production advanced above expectations to a six-year high level on a monthly basis in January, mainly led by increased activity in the nation's construction sector. Further, the nation's final consumer price index rose in line with investor expectations on a monthly basis in February. In contrast, trade surplus narrowed in January, dragged down by falling exports. During the previous week, the pair traded at a high of 1.1218 and a low of 1.0822. The pair is expected to find support at 1.0910, and a fall through could take it to the next support level of 1.0668. The pair is expected to find its first resistance at 1.1305, and a rise through could take it to the next resistance level of 1.1460. This week, investors would focus on the Eurozone's industrial production, trade balance, consumer price inflation and construction output data, to gauge the strength in the European economy.

GBPUSD The GBP advanced against the USD last week, closing 1.05% higher at 1.4373. In macroeconomic news, UK's manufacturing production rebounded above expectations, while the nation's industrial production rose less-than-expected on a monthly basis in January. Further, NIESR estimated that Britain's economy grew at a quarterly rate of 0.3% in the three months to February, down from 0.4% in the three months to January. Additionally, UK's BRC retail sales across all sectors rose less-than-expected on an annual basis in February, indicating that uncertainty over “Brexit” and concerns about the nation’s economic outlook has affected consumer confidence. On the other hand, UK’s total trade deficit narrowed in January. Separately, the BoE Governor, Mark Carney, warned that the possibility of Britain leaving the European Union represents the biggest domestic risk to the nation’s financial system and that the central bank will do everything in its capacity to achieve monetary and financial stability in the country. The pair traded at a high of 1.4439 and a low of 1.4118 during the previous week. Immediate downside, the first support level is seen at 1.4181, followed by 1.3989, while on the upside, the first resistance level situated in 1.4502, followed by 1.4630. Looking ahead, investors anxiously await the BoE’s interest rate decision and quarterly bulletin. Additionally, Britain’s ILO unemployment rate and budget report would also generate lot of market attention.

USDJPY The USD traded 0.12% lower against the JPY last week, with the pair closing at 113.81. Last week, the Bank of Japan (BoJ) Governor, Haruhiko Kuroda, ruled out the possibility of further interest rate cuts into negative territory at this point and reiterated that the central bank is closely monitoring global risks, and stands ready to ease "without hesitation" if necessary. In macroeconomic news, Japan’s final GDP contracted less than initially estimated on a quarterly basis in 4Q 2015, as corporate spending in the nation picked up. Data showed that the nation’s consumer confidence index declined more-than-expected to its weakest level in more than a year,

an unwelcome development for the BoJ's policymakers, who are attempting to boost consumption and growth in the world's third-largest economy. In other economic news, Japan's preliminary leading index declined for the third consecutive month to its lowest level in four years, while the nation's flash coincident index rose in line with investor expectations in January. The USD hit a high of 114.46 and a low of 112.23 against the JPY in the previous week. The pair is expected to find support at 112.54, and a fall through could take it to the next support level of 111.26. The pair is expected to find its first resistance at 114.77, and a rise through could take it to the next resistance level of 115.73. Moving ahead, market participants look forward to the BoJ's interest rate decision, along with Japan's industrial production, adjusted merchandise trade balance and tertiary industry index data, all schedule to be released this week.
USDCHF Last week, the USD traded 1.08% lower against the CHF and closed at 0.9827. The Swiss Franc gained ground, after the nation's consumer price inflation unexpectedly advanced for the first time in four months on a monthly basis in February. Additionally, the nation's seasonally adjusted unemployment rate surprisingly held steady at 3.4% during the same month. On the other hand, the nation's foreign currency reserves dropped in February. The pair traded at a high of 1.0093 and a low of 0.9803 during the previous week. The pair is expected to find its first support at 0.9722 and first resistance at 1.0012. The second support is expected at 0.9617 and second resistance at 1.0198. Going forward, investors this week

would closely monitor the Swiss National Bank's interest rate decision, along with Switzerland's SECO economic forecasts, for further cues.

USDCAD Last week, the USD traded 0.69% lower against the CAD and closed at 1.3232. The Bank of Canada (BoC) held key interest rate steady at 0.5%. Further, the central bank was generally upbeat about Canada's near-term economic conditions and added that recent inflationary pressures will likely unwind in the coming months. On the data front, Canada's unemployment rate unexpectedly rose to a three-year high level of 7.3% in February. Further, Canadian building permits declined more-than-expected, marking its second sharp retreat in three months on a monthly basis in January. Moreover, the nation's new housing price index rose less-than-anticipated on a monthly basis during the same period. Bucking the trend, housing starts rose above expectations in February. During the previous week, the pair traded at a high of 1.3448 and a low of 1.3168. The pair is expected to find its first support at 1.3117 and first resistance at 1.3398. The second support is expected at 1.3002 and second resistance at 1.3563. Moving ahead, market participants would concentrate on Canada's consumer price inflation and retail sales data for further direction in the CAD.

AUDUSD During the previous week, the AUD traded 1.73% higher against the USD and ended at 0.7561. On the economic front, Australia's AiG performance of construction index slid further to a one-year low level in February. Further, the Westpac consumer confidence index declined, while consumer inflation expectations eased in March. In other economic news, Australia's NAB business conditions index advanced, while the NAB business confidence index held steady in February, providing reassurance that the nation's non-mining recovery remains resilient in the face of global economic challenges. In contrast, home loan approvals slumped more-than-expected to a seven-month low level in January. The pair traded at a high of 0.7585 and a low of 0.7393 during the previous week. The pair is expected to find support at 0.7441, and a fall through could take it to the next support level of 0.7320. The pair is expected to find its first resistance at 0.7633, and a rise through could take it to the next resistance level of 0.7705. Moving ahead, along with the release of RBA's March meeting minutes, market participants would also keep a close eye on Australia's unemployment rate as well as the Westpac leading index data.

Gold During the previous week, gold traded 0.75% lower and ended at USD1249.45 per ounce, as a broad rally in global equity markets dented the demand for the safe haven yellow metal. The precious metal traded at a high of USD1287.80 per ounce and a low of USD1237.50 per ounce in the previous week. Immediate downside, the first support level is seen at USD1229.40 per ounce, followed by USD1208.30 per ounce, while on the upside, the first resistance level situated in USD1279.70 per ounce, followed by USD1308.90 per ounce.

Crude Oil Crude oil traded 7.18% higher in the previous week, closing at USD38.50 per barrel, on speculation that that the world's top oil producers would soon agree to an output freeze and help reduce the persistent global supply glut. Further, the International Energy Agency (IEA) indicated that output in the US and other non-OPEC countries has started to fall and that Iran did not pump as much new oil into the market as expected. Moreover, Baker Hughes reported that the US oil rig count fell by 6 to a level of 386 in the week ended 11 March. Separately, the Energy Information Administration (EIA) reported that that US crude inventories rose by 3.9 million barrels to 521.9 million barrels in the week ended 04 March, while the American Petroleum Institute (API) indicated that US oil inventories rose more-than-expected by 4.4 million barrels to a record high level of 520.5 million barrels last week. Last week, the commodity traded at a high of USD39.02 per barrel and a low of USD36.09 per barrel. Immediate downside, the first support level is seen at USD36.75 per barrel, followed by USD34.95 per barrel, while on the upside, the first resistance level situated in USD39.68 per barrel, followed by USD40.81 per barrel.