

**Weekly Forex Analysis (2016.033.14) Source:**

[SolForex Broker\(Review and Forex Rebates Up to 85%\)](#) The euro reversed on Friday after a strong gain on Thursday with European Central Bank President Mario Draghi announcing that the rate won't fall under negative territory. The comments came after the ECB delivering a package of stimulus measure stronger than expected. ECB also cut interest rates across the Eurozone to the lowest level in history and augmented the quantitative easing program. The ECB Council member Erkki Liikanen added on Friday that the bank has not run out of tools to recover the economy and it will be supported until reaching 2% inflation target. EUR/USD pair reversed 0.27% to 1.1148 in late trade but still gained 1.43% for the week. The U.S. dollar fell broadly against other major currencies on Friday after the Central Bank of China increased the fixed rate of yuan which boosted risk appetite. The central bank lifted yuan's fixed rate following a sharp rebound in the euro after the European Central Bank meeting. Mario Draghi's announcement that the rates will not be cut deeper into negative boundary boosted commodity prices and commodity linked currencies, making the dollar broadly fall. The dollar itself fell 1.2% for the week at 96.23, near one-month lows of 95.94. In the weekend, China released bundle of data showing that factory output is in the slowest pace since November 2008. Industrial production also rose below the expectation at the annual rate of 5.4% following the gain of 5.9% in the previous month. The concerns were added that the economy is still under ongoing slowdown that requires more

support from the government to boost the economy. Japanese yen eased in Asia after a big boost in machinery orders in Japan. In Japan, core machinery orders for January hiked by 15%, much above the 3.0% increase seen for the month. The yearly gain was seen as 8.4%, far outpacing the expectation of 3.6% decline. USD/JPY traded at 113.95 on Monday, up 0.11%. Elsewhere, commodity linked currencies were generally bullish, with AUD/USD gaining 1.48% at 0.7563 and NZD/USD advancing 1.14%, trading at 0.6743. USD/CAD pair also fell by 0.98% at 1.3214 with rally in oil prices beating slowed employment report in Canada. In the week ahead, investors will be looking ahead to Wednesday's Federal Reserve's monetary policy meeting. It is broadly expected that the Federal Reserve will freeze the rates after the hike in December. Also, there will be central bank's policy meetings in Japan and Switzerland.

#### Weekly Events and Forecasts

Ahead of the coming week, Solforex has compiled a list of these and other significant events likely to affect the markets.

Monday, March 14 Reserve Bank of New Zealand Governor Graeme Wheeler is to speak at an event in Auckland. In Japan, the data on core machinery orders will be published. Also, Bank of Japan is to start the monetary policy meeting for two days until 15th. Eurozone is to release data on January's industrial production. Tuesday, March 15 The Reserve Bank of Australia is to release the minutes of its recent monetary policy meeting. In Japan, the Bank of Japan will publish the minutes on its latest meeting and announce its

benchmark rate and give rate statement for the indication of economic conditions. Data on industrial production and industrial activity will be released subsequently. Eurozone is to publish data on number of movements in employment for the fourth quarter. The U.S. is to release string of data on producer price inflation, retail sales, New York state manufacturing, and housing market index. Wednesday, March 16 The Reserve Bank of Australia is to publish a report on financial stability. The U.K. is to release data on average income, inflation rate, and changes in unemployment benefits. Canada is to produce data on manufacturing sales. In the U.S., the Federal Reserve is to release its recent monetary policy meeting minutes and announce benchmark rate and rate statements. The bundle of data will be released subsequently, on mortgage applications, consumer prices, housing starts, building permits, and industrial production for February. Thursday, March 17 New Zealand is to publish data on its gross domestic product. Japan is to release its trade balance. Australia is to report on employment changes and unemployment rate. Bank of England is to hold monetary policy meeting and announce its rate decisions. The Eurozone is to release data on February's consumer prices and its trade balance. The U.S. is to produce data on weekly initial jobless claims and Philadelphia state manufacturing. Friday, March 18 Japan is to release its latest monetary policy meeting minutes. China is to release housing price index. Germany is to release data on producer price inflations for February. Canada is to publish data on retail sales and inflation. The

U.S. is to release data on consumer sentiment.