

**FOMC** - We highlighted on Friday the dilemma that currently faces equities and also US equities in particular. This was highlighted by the retail sales data on Friday, whereby firmer than expected failed to provide any uplift for equities. On the other side of the coin, it's very hard for equities to get excited by weaker data, because there is no prospect of further QE from the Fed and very little chance it will flatten the already flat expectations for the Fed Funds rate this year. Bottom line, for the moment it's difficult to see US equities pushing above the mid-April highs. The dollar was firmer on the release, on the basis that the near dead and buried Fed tightening expectations for June may just about have some life in them yet. The dollar has now returned to the range (on the dollar index) that dominated during April and is likely to be more range bound for the time being. For this coming week, there are no key events for the majors that are likely to upset the current tone. Both the FOMC and ECB release the minutes to their latest policy decisions (Wed and Thu respectively) which will be scrutinised given that the policy bias is in opposing directions. Meanwhile, the BoJ continues to see its policy measures having limited effect on the currency, at least in the direction that it would require or anticipate. This is the new world that currencies find themselves in; central bank policy expectations not having the same impact as previously was the case. For today, activity is likely to be on the quite side, with no key data releases. Note that the Aussie has recovered a little from the weakness of the past few sessions, back towards the 0.73 level. Sterling a little softer as the Brexit

headlines get ever louder.

**Today's important market news**

Time: GMT

14:00      NAHB Housing Market Index

14:30      BoC Review

**Source:** [Fxpro Forex Broker \(Review and Forex Rebates Up to 85%\)](#)