

Weekly Currency Report - The highlights of the week was the US unemployment and nonfarm payrolls data and the European Central Bank's (ECB) interest rate decision.

Macroeconomic data released in the US indicated that the nation's economy created less number of jobs than expected in May, notching its lowest level in more than five years. The weak non-farm payrolls data dismissed hopes of a Federal Reserve rate hike in the June meeting. Meanwhile, the unemployment rate slid to 4.7% in May, easing more-than-expected, marking its lowest level since November 2007. Further, the US services sector activity slowed more than market expectations in May, as the ISM non-manufacturing index registered its lowest reading since February 2014. Moreover, the trade deficit expanded less-than-expected in April, amid a rise in imports of foreign goods. Meanwhile, the new orders for the US factory goods surged in April, notching its biggest rise in six months. The Euro ended the week higher against the USD. Separately, the ECB kept the benchmark interest rate steady at its recent monetary policy meeting. The ECB President, Mario Draghi indicated that Eurozone's inflation rates will likely recover in 2016. Further, he also stated that subdued economic growth in emerging markets and the UK referendum on the European Union could threaten the region's economic recovery. Moreover, the central bank raised its inflation outlook for 2016 to 0.2%, from 0.1%, while forecasted economic growth of 1.6%, up from 1.4%. In other economic news, Eurozone's consumer prices declined in May, remaining in the deflation territory

and much below ECB's inflation target rate of 2.0%. Moreover, the unemployment rate remained unchanged at 10.2% in April, remaining at its lowest level since August 2011. Further, retail sales recorded a flat reading on a monthly basis in April, while growth slowed on a yearly basis during the same month. Furthermore, the manufacturing activity indicated a slowdown in May, as the manufacturing PMI hit a three-month low. On the other hand, the services sector growth expanded at a faster pace notching its highest level in three months in May. Elsewhere, in Germany, Eurozone's largest economy, the consumer prices advanced in line with market expectations in May, rebounding from its previous month. Moreover, the unemployment rate declined to 6.1% in May, while the jobless rate fell to its lowest level in more than 25 years. Meanwhile, the German retail sales dropped for a second straight month in April, despite robust labor market and consumer spending. The Pound ended the week in red. Separately, UK's manufacturing activity grew slightly in May, albeit the uncertainty over the upcoming EU referendum weighed on the manufacturing activity. Moreover, the services sector activity advanced more-than-expected in May. Furthermore, the nation's construction sector growth slowed in May, registering its lowest level since June 2013.

EURUSD Last week, the EUR traded 2.27% higher against the USD and closed at 1.1367. The European Central Bank kept its key interest rate unchanged at 0.0% during its recent monetary policy meeting. On the economic front, Eurozone's consumer price index

dropped on an annual basis at par with market expectations in May. Meanwhile, the German consumer price inflation rebounded in May. Moreover, Eurozone's unemployment rate remained steady in line with market expectations in April. Further, the retail sales came in flat on a monthly basis April, growing less than expected. Additionally, the Markit manufacturing PMI declined slightly in May yet remained in the expansion, while, the Markit services PMI advanced more-than-expected in the same month. Separately, the economic sentiment indicator advanced more-than-expected in May, while the business sentiment rose higher than estimated in the same month. In other economic news, in Germany, the unemployment rate declined on a seasonally adjusted basis in May. Meanwhile, the retail sales dropped surprisingly in April, against the market expectations of a rise. Moreover, the Markit survey indicated that the manufacturing PMI fell in May, yet remaining in the expansion territory, while the services PMI rose in line with market expectations in the same month. The pair traded at a high of 1.1374 and a low of 1.1098 during the previous week. Immediate downside, the first support level is seen at 1.1185, followed by 1.1004, while on the upside, the first resistance level situated in 1.1461, followed by 1.1556. This week, investors would focus on the Eurozone's gross domestic product and Sentix investor confidence for further cues. Additionally, Germany's consumer price index, trade balance, industrial production and factory orders will attract market attention.

GBPUSD During the previous week, the GBP traded 0.72% lower

against the USD and ended at 1.4518. Data revealed that growth in UK's manufacturing activity slightly rose in May, making its way into the expansion territory. Moreover, the growth in services sector advanced more-than-expected in May, rebounding from a three year low level in April. Meanwhile, the growth in Britain's construction sector slowed in April, as new orders declined for the first time in three years. Moreover, the nation's consumer credit declined in April. The pair traded at a high of 1.4725 and a low of 1.4386 during the previous week. Immediate downside, the first support level is seen at 1.4361, followed by 1.4204, while on the upside, the first resistance level situated in 1.4700, followed by 1.4882. Looking ahead, investors will look forward to UK's NIESR gross domestic product estimate and industrial and manufacturing production for further direction. Moreover, UK's trade balance and BRC retail sales monitor will generate a lot of market attention.

USDJPY The USD declined against the JPY last week, closing 3.43% lower at 106.53. On the data front, Japan's unemployment rate remained steady at 3.2% in line with market expectations in April, while the job availability advanced to its highest level in 24 years. Moreover, the industrial output advanced unexpectedly on a monthly basis in April, as the deadly earthquakes in the southern part of the country seemed to have a minimum impact on the factory output. Further, the consumer sentiment index rose surprisingly in May. In more economic news, the housing starts advanced at its quickest pace in 10 months in April, while the construction orders dropped in

the same month. Moreover, the manufacturing activity contracted in April, amid weak demand and devastating earthquakes in the nation's manufacturing centre. During the previous week, the pair traded at a high of 111.45 and a low of 106.51. The pair is expected to find its first support at 104.88 and first resistance at 109.82. The second support is expected at 103.22 and second resistance at 113.10.

Moving ahead, market participants look forward to Japan's gross domestic product, trade balance, machinery orders and leading and coincident indices all scheduled for release this week.

USDCHE The USD traded 1.89% lower against the CHF last week, with the pair closing at 0.9759. On the data front, Switzerland's economy grew 0.1% in the first quarter of 2016, growing at a slower pace amid lower government spending and a drop in inventories. Moreover, the retail sales dropped at a faster pace on an annual basis in April. Meanwhile, the KOF leading indicator rose to a one year high level in May. Additionally, the SVME purchasing managers' index advanced for a fourth consecutive month in May. During the previous week, the pair traded at a high of 0.9956 and a low of 0.9754. The pair is expected to find its first support at 0.9690 and first resistance at 0.9892. The second support is expected at 0.9621 and second resistance at 1.0025. Going forward, investors this week would monitor Switzerland's consumer price inflation data, foreign currency reserves, unemployment rate for further cues in the Swiss Franc.

USDCAD During the previous week, the USD traded 0.65% lower

against the CAD and ended at 1.2937. In economic news, the Canadian economy expanded at an annualized rate of 2.4% in the first quarter of 2016, as exports firmed and consumer spending remained robust, although the economy grew at a slower than expected pace. Moreover, the nation's international merchandise trade deficit narrowed less-than-expected in April. Meanwhile, the manufacturing output slowed slightly in April, as measures of new orders and employment both slowed in May. Further, the current account deficit expanded in 2016, as crude oil prices declined. The USD hit a high of 1.3144 and a low of 1.2916 against the CAD in the previous week. Immediate downside, the first support level is seen at 1.2854, followed by 1.2771, while on the upside, the first resistance level situated in 1.3082, followed by 1.3227. Moving ahead, market participants would concentrate on Canada's unemployment rate, housing price index, Ivey Purchasing Managers' Index as well as building permits and housing starts data for further direction in the CAD.

AUDUSD The AUD traded 2.58% higher against the USD last week, with the pair closing at 0.7367, after Australia's economic growth gained momentum in the first three months of 2016, amid a surge in exports and a rise in household spending. Furthermore, the services sector index entered the expansion territory in May. Moreover, the nation's trade deficit surprisingly narrowed in April, as imports declined while the exports rose in April. Further, the private sector credit advanced in the same month. Additionally, the building permits

increased unexpectedly on a monthly basis in April. The pair traded at a high of 0.7369 and a low of 0.7149 during the previous week. Immediate downside, the first support level is seen at 0.7221, followed by 0.7075, while on the upside, the first resistance level situated in 0.7441, followed by 0.7515. Moving ahead, market participants will keep a close watch on Reserve Bank of Australia's interest rate decision, investment lending for homes as well as AiG performance of construction index data scheduled for the week.

Gold During the previous week, gold traded 2.62% higher and ended at USD1244.20 per ounce, as the US jobs report showed a weaker picture of employment growth in the economy, diminishing further possibilities of a Fed rate hike in June. The precious metal traded at a high of USD1247.40 per ounce and a low of USD1201.50 per ounce in the previous week. Gold is expected to find support at USD1216.20 per ounce, and a fall through could take it to the next support level of USD1185.90 per ounce. The yellow metal is expected to find its first resistance at USD1262.10 per ounce, and a rise through could take it to the next resistance level of USD1277.70 per ounce.

Crude Oil Last week, crude oil weakened 1.44% to close at USD48.62 per barrel, after the recent OPEC meeting in Vienna failed to reach an agreement on the oil production cut, raising further concerns about the increasing global crude glut. Moreover, the American Petroleum Institute (API) reported that the US crude oil inventories rose 2.4mn bls last week, while the US Energy

Department reported that crude oil stockpiles fell by 1.4mn bls last week. The commodity traded at a high of USD50.10 per barrel and a low of USD47.75 per barrel in the previous week. Immediate downside, the first support level is seen at USD47.73 per barrel, followed by USD46.57 per barrel, while on the upside, the first resistance level situated in USD50.08 per barrel, followed by USD51.27 per barrel.

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