

Weekly Currency Report - The highlight of the week was the US Federal Reserve and Bank of England's interest rate decision. The Fed kept the benchmark interest rate unchanged, amid uncertainty in the labor market. Moreover, the central bank indicated that it will raise rates twice this year, but refrained from mentioning about when its next rate hike might occur. Further, Fed Chair, Janet Yellen pointed towards the consequences for economic and financial conditions in global financial markets following the Britain's June 23 referendum decision. Additionally, the central bank expected the economy to grow only 2.0% this year and 2017, 0.1% point lower than previously forecasted for corresponding year. Macroeconomic data indicated that consumer prices grew less-than-expected on a monthly basis in May, on the back of rising energy costs and the largest increase in shelter costs in more than nine years. Moreover, industrial output declined higher than market estimates in May, as utilities output and auto manufacturing saw a decline. Further, current account deficit widened to reach a seven-year high in the first three months of 2016. Additionally, the number of people filing applications for the new unemployment benefits climbed last week. Meanwhile, advance retail sales rose more-than-expected on a monthly basis in May, amid a surge in online, clothing and sporting goods sales. Further, import prices grew at its fastest pace in over four years in May. The Euro ended the week in green, after the Eurozone's consumer prices advanced at a quicker pace on a monthly basis in May from April. On the other hand, the final reading on the

consumer price inflation on an annual basis came in-line with market expectations in May, yet stayed in the deflation territory. Moreover, the region's industrial output growth rebounded more than expected on a monthly basis in April, indicating that the sector is gaining some momentum following two months of declines. Additionally, trade surplus expanded unexpectedly in April, as the growth in exports outpaced the increase in imports. On the other hand, current account surplus widened sharply in April, hitting a record high surplus.

Separately, the employment rose on a quarterly basis for the second straight quarter in the first three months of 2016, notching its highest levels since the third quarter of 2008. The Bank of England, in its latest monetary policy meeting decided to keep the key interest rate and asset purchase program unchanged at par with market expectations. Moreover, the central bank reiterated its warnings about a possible Brexit from the European Union in the referendum scheduled next week, stating that it could harm the global economy and the Pound was likely to fall further after an "Out" decision.

Additionally, the monetary policy committee pointed out that it will take all the required steps following the outcome of the referendum. On the other hand, the killing of an UK politician increased speculation that it might alter the opinions on Britain's vote on the EU membership.

EURUSD The EUR strengthened against the USD last week, closing 0.23% higher at 1.1277, after the consumer price index advanced more-than-expected on monthly basis in May, while final consumer

price inflation on an annual basis rose in May, yet remained in deflation. Moreover, industrial production rebounded higher than market expectations on a monthly basis in April. Further, the region's trade surplus advanced sharply in April, while current account surplus expanded in the same month. Additionally, employment increased 0.3% in the first quarter of 2016, after recording a similar rise in the previous quarter. The EUR hit a high of 1.1303 and a low of 1.1131 against the USD in the previous week. The pair is expected to witness its first support at 1.1171 and second support at 1.1065, while the first resistance is expected at 1.1343 and second resistance at 1.1409. This week, investors would focus on the Markit's survey of the manufacturing and services PMI across the Eurozone and consumer confidence for further cues. Further, the ZEW survey on economic sentiment will be on investors' radar. Additionally, Germany's ZEW survey on economic sentiment, IFO expectations and business climate index and import and producer price indices will also attract a lot of market attention.

GBPUSD Last week, the GBP traded 0.71% higher against the USD and closed at 1.4358. The BoE kept the benchmark interest rate steady at 0.5% and asset purchase facility unchanged at £375.00 billion. Macroeconomic data indicated that UK's consumer price inflation rose less-than-expected on an annual basis in May, as decline in clothing prices was offset by a rise in transport costs. Moreover, the ILO unemployment rate declined unexpectedly in the three months to April, registering the lowest rate since 2005, while

the average earnings rose more than expected in the February-April 2016 period. Furthermore, retail sales surged higher than market expectations on a monthly basis in May, mainly getting a boost from a rise in clothing sales. The pair traded at a high of 1.4388 and a low of 1.4013 during the previous week. The pair is expected to find support at 1.4118, and a fall through could take it to the next support level of 1.3878. The pair is expected to find its first resistance at 1.4493, and a rise through could take it to the next resistance level of 1.4628.

Looking ahead, investors will look forward to Britain's referendum on the European Union membership scheduled for this week. Moreover, investors' will pay attention to UK's public sector net borrowing, GFK consumer confidence, CBI industrial trends survey orders and distributive trades survey scheduled to release this week.

USDJPY The USD traded 2.63% lower against the JPY last week, with the pair closing at 104.16. The Bank of Japan kept the key interest rate steady at -0.1% and its bond buying program intact at ¥80.00tn, as the policymakers chose to measure the impact of their negative interest rate policy. In economic news, Japan's final industrial production was revised higher on a monthly basis in April. During the previous week, the pair traded at a high of 106.64 and a low of 103.55. The pair is expected to witness its first support at 102.93 and second support at 101.69, while the first resistance is expected at 106.02 and second resistance at 107.87. Going forward, traders will eye Bank of Japan's monetary policy meeting minutes and summary of opinions for further cues. Moreover, Japan's adjusted merchandise

trade balance, Nikkei manufacturing PMI and imports and exports data all scheduled to release during the week.

USDCHF The USD fell against the CHF last week, closing 0.51% lower at 0.9600. Separately, the Swiss National Bank (SNB) kept the benchmark interest rate unchanged at -0.75%, during its recent monetary policy meeting, at par with market expectations. The SNB Chairman, Thomas Jordan, reiterated the central bank's willingness to intervene in the currency markets to keep the Swiss Franc in check. Moreover, the central bank in its financial stability report indicated that a prolonged period of low rates carries a risk to global financial stability. Macroeconomic data revealed that producer prices advanced more-than-expected on a monthly basis in May. The USD hit a high of 0.9687 and a low of 0.9572 against the CHF in the previous week. The pair is expected to witness its first support at 0.9552 and second support at 0.9505, while the first resistance is expected at 0.9667 and second resistance at 0.9735. Going forward, investors this week would monitor Switzerland's trade balance, ZEW survey for economic expectations and SNB's quarterly bulletin for further cues in the Swiss Franc.

USDCAD Last week, the USD traded 0.87% higher against the CAD and closed at 1.2894. In economic news, Canada's consumer prices advanced less-than-expected on a monthly basis in May, while consumer price inflation rose less than market estimates on an annual basis in the same month. Moreover, manufacturing shipments rebounded more-than-expected on a monthly basis in April. The USD

hit a high of 1.3086 and a low of 1.2751 against the CAD in the previous week. The pair is expected to find its first support at 1.2735 and first resistance at 1.3070. The second support is expected at 1.2575 and second resistance at 1.3245. Moving ahead, market participants would monitor Canada's retail and wholesale sales for more cues.

AUDUSD The AUD traded 0.19% higher against the USD last week, with the pair closing at 0.7387. Data indicated that Australia's seasonally adjusted unemployment rate remained steady at 5.7% in May, at par with market expectations. Moreover, consumer inflation expectations climbed higher in June from May. Meanwhile, the Westpac consumer confidence index eased slightly in June.

Separately, NAB's business conditions remained solid in May, while the confidence index slipped back in the same month. The AUD hit a high of 0.7446 and a low of 0.7286 against the USD in the previous week. The pair is expected to witness its first support at 0.7300 and second support at 0.7213, while the first resistance is expected at 0.7460 and second resistance at 0.7533. Moving ahead, market participants will keep a watch on the RBA's meeting minutes for further direction. Moreover, CB leading indicator and Westpac leading economic index will also garner market attention.

Gold Gold traded 1.92% higher during the previous week, closing at USD1298.65 per ounce, amid rising uncertainty surrounding Britain's vote on the EU membership and as Federal Reserve lowered its outlook on the future rate hikes, increasing demand for the safe-

haven asset. The yellow metal hit a high of USD1318.90 per ounce and a low of USD1275.20 per ounce in the previous week. The yellow metal is expected to witness its first support at USD1278.23 per ounce and second support at USD1254.87 per ounce, while the first resistance is expected at USD1321.93 per ounce and second resistance at USD1342.27 per ounce.

Crude Oil Crude oil weakened in the previous week, closing 2.22% lower at USD47.98 per barrel, amid concerns of increasing stockpiles and concerns regarding the EU referendum weighed on the commodity. Moreover, OPEC's monthly report indicated that forecasts for global oil supply and demand remained unchanged with global oil demand now anticipated to increase by 1.2 million barrels a day this year. Further, American Petroleum Institute (API) reported that crude oil inventories rose 1.2mn bls last week, whereas the US Energy Department reported that crude oil inventories fell by 933,000 bls last week. The commodity traded at a high of USD49.28 per barrel and a low of USD45.83 per barrel in the previous week. Immediate downside, the first support level is seen at USD46.30 per barrel, followed by USD44.34 per barrel, while on the upside, the first resistance level situated in USD49.75 per barrel, followed by USD51.24 per barrel. **Source:** [Direct FX Forex Broker \(Review and FX direct Forex Broker \)](#)