

GBP/USD Analysis - Sterling is generally higher this week as political situation in UK stabilized. Home Secretary Theresa May is set to be the next prime minister after Energy Minister Andrea Leadsome quite the race. Outgoing Prime Minister David Cameron will tender his resignation to the Queen on Wednesday and chair his final cabinet meeting today. May could become the new Prime Minister as soon as at Wednesday evening. She is also expected to start the negotiation process with EU on Brexit soon as she emphasized that "Brexit means Brexit and we're going to make a success of it" and "there will be no attempts to remain inside the EU". Meanwhile, the immediate focus will turn to BoE meeting later this week where there are some expectations for the central bank to cut interest rates. Risk appetite continued to boost global equities this week with S&P 500 hitting new record high of 2143.16 before closing at 2137.16. Nikkei advances for another day and gains 430 pts, or 2.7% at the time of writing. After winning the upper house election, Japan Prime Minister Shinzo Abe said his cabinet would start to compile a stimulus package of JPY 20T in the current fiscal year. And he pledged to stimulate the economy with "swift formulation of comprehensive, bold economic measures". Meanwhile, there is report that Abe could reshuffle his cabinet in early August. S&P 500's break of 2134.71 resistance indicates resumption of long term up trend from 2009 low of 666.79. Further rise could now be seen to 61.8% projection of 1074.77 to 2134.71 from 1810.10 at 2465.14. This bullish outlook will hold as long as 1991.68 near term support holds.



On the data front, UK BRC sales monitor dropped -0.5% yoy in June. Australia NAB business confidence rose to 6 in June. Japan tertiary industry index dropped -0.7% mom in May. German CPI and US wholesale inventories are featured today. Meanwhile, markets will also look into speeches of BoE governor Mark Carney, Fed governor Daniel Tarullo, and St Louis Fed president James Bullard.

Source: [ActionForex](#)