

Weekly Currency Report - Last week, the forex market was dictated by the Bank of England's (BoE) interest rate decision. The BoE surprisingly kept its benchmark interest rate steady at 0.5%, in its first meeting since Britain voted to leave the European Union. Nevertheless, the central bank has kept door open for a fresh round of stimulus next month. Separately, the BoE Governor, Mark Carney, hinted that the central bank would pump more stimulus into the economy, if found necessary, to contain the fallout of the Brexit vote and to boost the nation's growth. Further, he ruled out allegations that the central bank tried to manipulate British electorate into voting to remain in the European Union by highlighting the risks associated with the potential exit. The greenback traded higher against most of its major currencies. Macroeconomic data indicated that advance retail sales in the US rose on a monthly basis in June, indicating that economic growth picked up in the second quarter. Additionally, the consumer price index advanced for the fourth straight month on a monthly basis in June, thus suggesting a steady growth in the nation's inflation. Moreover, industrial production rebounded at the fastest pace in eleventh months on a monthly basis in June, lifted by strong auto and utility output. Also, manufacturing production rose more than expected on a monthly basis in June. On the other hand, the preliminary Michigan consumer sentiment index unexpectedly dropped in July. Further, the nation's labor market conditions index dropped for the sixth straight month in June. In other economic news, the number of people applying for fresh

unemployment benefits unexpectedly held steady during the week ended 09 July. Additionally, the small business optimism index advanced for third straight month in June. Also, the seasonally adjusted wholesale inventories rose less than market expectations on a monthly basis in May. Meanwhile, the latest Federal Reserve Beige Book survey of economic conditions disclosed that, the US economy continued to grow at a moderate pace from mid-May through the end of June. However, it showed little signs that inflation would surge in the near term, in the wake of last month's Brexit vote. The Euro ended the week in red, after Eurozone's seasonally adjusted industrial production declined more than expected on a monthly basis in May, indicating that the region has lost some steam. Also, the seasonally adjusted trade surplus fell more than expected in May. On the contrary, Eurozone's consumer price index advanced on a monthly basis in June, at par with market expectation. **EURUSD** The EUR weakened against the USD last week, closing 0.14% lower at 1.1035, after macroeconomic data indicated that Eurozone's seasonally adjusted industrial production fell more than expected on a monthly basis in May. Also, the seasonally adjusted trade surplus fell more than anticipated in the same month. On the other hand, the region's consumer price index advanced on a monthly basis in June, at par with market expectations. Separately, Germany's final consumer price index advanced on a monthly basis in June, at par with market expectations and compared to a similar rise recorded in the preliminary print. Further, the wholesale price index advanced

more-than-expected on a monthly basis in June. The EUR hit a high of 1.1165 and a low of 1.1016 against the USD in the previous week. The pair is expected to find support at 1.0979, and a fall through could take it to the next support level of 1.0923. The pair is expected to find its first resistance at 1.1128, and a rise through could take it to the next resistance level of 1.1221. Moving ahead, this week investors will look forward to ECB's interest rate decision along with Eurozone's manufacturing and services PMI, consumer confidence and ZEW survey data. Additionally, Germany's manufacturing and services PMI and ZEW Survey data, will also garner a lot of market attention. **GBPUSD** The GBP advanced against the USD last week, closing 1.84% higher at 1.3192, after the Bank of England (BoE) surprisingly kept its benchmark interest rate steady at 0.5% and as appointment of new Prime Minister, Theresa May eased political uncertainty in UK. In other economic news, data indicated that UK's BRC retail sales monitor across all sectors declined on an annual basis in June, weighed by rising uncertainty following the Britain's vote on the EU membership. Additionally, the RICS housing price balance slipped in June. Further, construction output dropped more than expected on a monthly basis in May. The pair traded at a high of 1.3481 and a low of 1.2851 during the previous week. Immediate downside, the first support level is seen at 1.2868, followed by 1.2545, while on the upside, the first resistance level situated in 1.3498, followed by 1.3805. Going forward, UK's consumer price index, ILO unemployment rate, retail sales and Rightmove house

prices data, all scheduled to be released this week, would keep investors on their toes. **USDJPY** The USD advanced against the JPY last week, closing 4.32% higher at 104.88, amid rising hopes of aggressive stimulus measures by the Bank of Japan (BoJ) to support the economic growth. On the data front, Japan's preliminary machine tool orders dropped on an annual basis in June. Moreover, the nation's tertiary industry index declined in May, in line with market expectations. Also, the final industrial production fell on a monthly basis in May. During the previous week, the pair traded at a high of 106.32 and a low of 100.56. The pair is expected to find support at 101.52, and a fall through could take it to the next support level of 98.16. The pair is expected to find its first resistance at 107.28, and a rise through could take it to the next resistance level of 109.68. Looking ahead, this week market participants await the release of Japan's Nikkei manufacturing PMI, machine tool orders and all industry activity index data. **USDCHF** During the previous week, the USD traded 0.06% lower against the CHF and ended at 0.9827. In economic news, Switzerland's producer and import price index rose less than anticipated on a monthly basis in June. The USD hit a high of 0.9894 and a low of 0.9764 against the CHF in the previous week. The pair is expected to find support at 0.9763, and a fall through could take it to the next support level of 0.9698. The pair is expected to find its first resistance at 0.9893, and a rise through could take it to the next resistance level of 0.9958. This week, investors would focus on Switzerland's ZEW Survey and trade balance data for

further direction in the Swiss Franc. **USDCAD** During the previous week, the USD traded 0.54% lower against the CAD and ended at 1.2974. The Bank of Canada maintained the benchmark interest rate at 0.5%, at par with market expectations at its recent monetary policy meeting. However, the central bank stated that excessively high house prices particularly in cities like Toronto and Vancouver and the risks of Brexit are posing a threat to Canada's economy. On the data front, Canada's seasonally adjusted housing starts advanced more than expected on an annual basis in June. Also, the nation's new housing price index rose more than anticipated on a monthly basis in May. Moreover, existing home sales declined for the second straight month on a monthly basis in June. The pair traded at a high of 1.3140 and a low of 1.2862 during the previous week. The pair is expected to witness its first support at 1.2844 and second support at 1.2714, while the first resistance is expected at 1.3122 and second resistance at 1.3270. Looking ahead, investors anxiously await the release of Canada's consumer price index, retail and wholesale sales data, scheduled to be released this week. **AUDUSD** The AUD traded 0.12% higher against the USD last week, with the pair closing at 0.7578. In economic news, Australia's seasonally adjusted unemployment rate climbed to 5.8% in June, in line with market expectations. Moreover, the nation's Westpac consumer confidence index fell in July. On the other hand, the NAB business conditions index rose in June, while, the business confidence index climbed in the same month. Additionally, consumer inflation expectations

advanced in July. During the previous week, the pair traded at a high of 0.7676 and a low of 0.7522. The pair is expected to find its first support at 0.7508 and first resistance at 0.7662. The second support is expected at 0.7438 and second resistance at 0.7746. Moving ahead, this week market participants look forward to the RBA's July meeting minutes, accompanied with Australia's NAB business confidence and Westpac leading index data. **Gold** Gold fell last week, closing 2.11% lower at USD1337.45 per ounce, after robust US economic data led to a broad strength in the US Dollar and dented demand for the safe-haven yellow metal. The yellow metal hit a high of USD1372.80 per ounce and a low of USD1320.40 per ounce in the previous week. Gold is expected to find support at USD1314.47 per ounce, and a fall through could take it to the next support level of USD1291.23 per ounce. The yellow metal is expected to find its first resistance at USD1366.87 per ounce, and a rise through could take it to the next resistance level of USD1396.03 per ounce. **Crude Oil** Crude oil traded 1.19% higher in the previous week, closing at USD45.95 per barrel, after a report from OPEC forecasted higher crude demand and lower oil output next year. Oil prices trimmed some of its gains, after the Energy Information Administration (EIA) indicated that US crude oil inventories fell less than expected by 2.5 million barrels to 521.9 million barrels in the week ended 08 July. Separately, the American Petroleum Institute (API) reported an unexpected build of 2.2 million barrels to 523.1 million barrels in US crude stockpiles last week. The commodity traded at a high of

USD46.93 per barrel and a low of USD44.42 per barrel in the previous week. Immediate downside, the first support level is seen at USD44.82 per barrel, followed by USD43.37 per barrel, while on the upside, the first resistance level situated in USD47.33 per barrel, followed by USD48.39 per barrel. **Source:** [Direct Fx Broker \(Review and Forex Rebates U to 85%\)](#)