

**DIRECT LINKS:**

- ▶ Forex Trading
- ▶ New To Forex
- ▶ Forex Quotes
- ▶ Charts
- ▶ White Labels
- ▶ Asset Managers
- ▶ Introducing Brokers

## Dollar edged lower as investors downward August rate outlook

### News and Events:

The Dollar edged lower on Wednesday as investors adjusted their interest rate outlooks for the United States and the euro zone after conflicting economic data and monetary authorities toned down threats of tighter policy. Traders scrambled to revise downward their expectations of an August Federal Reserve interest rate rise after data this week showed US housing starts plunged to a 17-year low in May. In addition, Wholesale prices shot up, driven by energy costs, but analysts reckon the Fed will not rush to tighten policy in the absence of signs of stability in the housing sector, which threatens to drag the broader economy into a recession. US short-term interest rate futures are pricing in a roughly 48% chance of a 25bp rate increase in August, down from 90% Monday.

EurUsd rose 0.18% to 1.5545 after earlier slipping to 1.5463. It remained confined to a 1.5300-1.5550 range in the absence of fresh economic data. UsdJpy was 0.39% higher at 108.33. UsdChf dropped 0.55% to 1.0355 after posting 1.0469 intraday high. GbpUsd rose 0.1% to 1.9594. Remarks by San Francisco Federal Reserve Bank President Janet Yellen on Wednesday suggesting the volatility in financial markets was showing signs of easing gave the market little impetus.

The US central bank is widely expected to keep its benchmark fed funds rate target at 2% next week, having cut it by 325bp since mid-September to fend off a housing-led economic downturn. But, a tightening in monetary policy would help the Dollar regain some of its appeal to investors seeking higher returns. While expectations of a series of rates hikes from the ECB have also been scaled back in recent days, a move to 4.25% in July is still widely expected.



**Bullish Attitude**

**Performance**

**Security**

**Simplicity**

**Transparency**

**Free  
Practice  
Account**

Trade  
Currencies Online  
With the Best  
Conditions

ISO Certified



## Today's Key Issues (time in GMT):

**08:30 GBP** May PSNB £9.3B vs £-0.52B  
**08:30 GBP** May PSNCR £6.5B vs £-0.99B  
**08:30 GBP** May Retail Sales -0.1% vs -0.2% (MoM)  
**08:30 GBP** May Retail Sales 4.1% vs 4.2% (YoY)  
**12:00 CAD** May CPI BoC Core 0.3% vs 0.3% (MoM)  
**12:00 CAD** May CPI BoC Core 1.5% vs 1.5% (YoY)  
**12:00 CAD** May CPI Inflation 0.7% vs 0.8% (MoM)  
**12:00 CAD** May CPI BoC Core 1.9% vs 1.7% (YoY)  
**12:30 USD** weekly Initial claims 375k vs 384k  
**12:30 CAD** April Wholesale trade 0.6% vs 0.6%  
**14:00 USD** May Lead indicators 0% vs 0.1%  
**14:00 USD** June Philadelphia Fed business Index -10 vs -15.6  
**18:30 GBP** Chancellor Darling's annual Mansion House speech

---

## The Risk Today:

**EURUSD** Euro tested 1.5304 Friday low and recovered earlier this week. Renewed weakness below 1.5400 will put the light 1 ½-month uptrend on hold. This may open way down to 1.5000 key level. Support holds 1.5304 Friday low. On the upside, initial resistance holds 1.5844 June 9th high. This would reopen the way up to 1.6000 Pivot point resistance ahead of key resistance 1.6200 market target.

**GBPUSD** Cable remains in downtrend 2.0398 – 1.9364 started mid-March. It is currently building a triangle flag with ways out at 1.9500 or 1.9400. Trading range is still 1.9400 – 1.9850. On the upside, psychological 2.0000 level stays into focus. On the downside, current reversal below 1.9600 might bring again focus on 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance). Strong support holds 1.9363 20th February and 14th May low.

**USDJPY** Current uptrend hit 108.59 high and new 3-month high on Monday. This would put 110.10 strong resistance (Trendline) into focus and mid January double top ahead of 111.92 early January high. Any profit taking to and return lower than 105 level might send the market back down to 100 – 104 consolidation trading range. Minor support holds 102.58 May 9th low. Initial support holds 104.44 Monday low. Strong support hold 106.59 former resistance (38.2% retracement of 124.15 – 95.74 decline).

**USDCHF** Market is currently trading in 1.0400-1.0600 range. Early January double top 1.1191 marks strong resistance. Initial support holds 1.0148 Monday low. Further weakness may open the way toward 0.9637 17th March low. Friday 1.0541 high holds initial resistance. Minor support holds 1.0305 last Thursday low.

---

## Resistance and Support:

| EURUSD   | GBPUSD   | USDJPY   | USDCHF   |
|--|----------|----------|----------|
| 1.6200 T   | 2.0100 P | 111.92 K | 1.1191 K |
| 1.6000 K   | 1.9800 S | 110.10 T | 1.0625 T |
| 1.5844 M   | 1.9688 M | 108.39 M | 1.0541 M |
| 1.5560   | 1.9595   | 107.70   | 1.0340   |
| 1.5304 M   | 1.9363 S | 106.59 S | 1.0305 M |
| 1.5285 S   | 1.9337 T | 104.44 M | 1.0000 P |
| 1.5000 K   | 1.9105 K | 100.00 P | 0.9637 K |
| S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot |          |          |          |

---

## Quick access to our 5 previous newsletters:

- ▶ [US housing starts plunged to their lowest in 17 years](#)
- ▶ [Dollar fell on Monday on expectation of an ECB interest rate...](#)
- ▶ [Dollar slipped after G8 failed to comment currencies markets](#)
- ▶ [Dollar rallied broadly on better than expected US retail sales](#)
- ▶ [Dollar reversed from early week gains against the Euro](#)

▶ [unsubscribe](#)

---

*This e-mail is intended solely for the indicated recipient(s). It may contain privileged and/or confidential information. If you are not one of the intended recipients, please notify the sender immediately and destroy this e-mail: you must not copy, distribute or take any action in reliance on the information contained within. Whilst all efforts are made to safeguard inbound and outbound e-mails, ACM SA cannot guarantee that attachments are virus free or compatible with your software and declines any liability in respect to viruses or computer problems experienced. Any views expressed in this message are those of the individual sender, except where specifically stated to be the view of ACM SA, its subsidiaries or associates. Additionally ACM SA declines any liability connected with losses incurred on transactions based on any market information and/or opinions contained within this e-mail. This message has been checked for all known viruses by McAfee Virus scan.*