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Dollar rose as Oil prices retreat

News and Events:

The Dollar rose versus the Euro on Thursday, helped by a sharp drop in crude Oil prices to 131.93 and a surge in British retail sales that caused traders to offload the European single currency to buy Sterling.

May's surprise jump in retail sales raised expectations the Bank of England will raise interest rates, helping to drive the pound to its highest level in over a week against the Dollar and spark a rally versus the Euro. While the Federal Reserve had turned hawkish due to rising price pressures ignited by record oil prices, analysts believe it is unlikely to raise U.S. interest rates before year-end as the economy remains sickly.

Swiss National Bank left interest rates unchanged at 2.75% despite inflation at multiyear highs had some psychological effect on the market, but analysts cautioned against reading too much into the move. There had been suggestions that the Swiss bank's decision could mean the European Central Bank would not tighten policy further after an anticipated rate increase in July.

Yesterday, EurGbp was down 0.96% to 0.7859. EurUsd was down 0.3% at 1.5499. GbpUsd rallied to an intraday peak of 1.9746. It was last up 0.67% at 1.9726. UsdJpy went up 0.18% at 108.01 while UsdChf rose 0.85% to 1.0443. EurChf rose 0.53% to 1.6184.



Today's Key Issues (time in GMT):

- 00:00 SEK** Summer Solstice holiday in Finland and Sweden
- 06:00 EUR** May Producer Prices 1% vs 1.1% (MoM)
- 06:00 EUR** May Producer Prices 1% vs 1.1% (YoY)
- 07:15 CHF** May Producer/Import Price 1.2% vs 0.7% (MoM)
- 07:15 CHF** May Producer/Import Price 3.6% vs 3.6% (YoY)
- 12:30 CAD** April Retail Sales 0.7% vs 0.0% (MoM)
- 12:30 CAD** April Retail Sales 0.6% vs 0.1% (YoY)
- 16:45 EUR** ECB's Trichet speaks in Namur, Belgium



The Risk Today:

EURUSD Euro tested 1.5304 low last Friday and recovered 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 has been consolidating for the last month in 1.9400 – 1.9800 range. It might built a triangle flag with ways out at 1.9500 or 1.9400. On the upside, psychological 2.0000 level stays into focus. On the downside, a 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. 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 1.0200-1.0600 range. Early January double top 1.1191 marks strong resistance. Minor support holds 1.0319 yesterday low. Initial support holds 1.0148 June 9th low. Further weakness may open the way toward 0.9637 17th March low. June 13th 1.0541 high holds initial resistance. Minor support holds 1.0303.

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
1.5565	1.9725	107.80	1.0400
1.5304 M	1.9363 S	106.59 S	1.0303 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			

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- ▶ [Dollar fell on Monday on expectation of an ECB interest rate...](#)
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- ▶ [Dollar rallied broadly on better than expected US retail sales](#)

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