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# ECB and Bank of England rate hike expectations remain, US housing concerns not over yet

## News and Events:

Investors are looking carefully at U.K. GDP figures early today for any signs that higher interest rates are affecting expenditure and the housing market. We expect the figures to show continued health throughout the economy in the second quarter and should support the expectation that the Bank of England will hike rates one more time to 6% before the end of the year.

From the US, we await durable goods and new home sales figures which will most likely point to a continued housing downturn and further concerns of its effect on the economy. Market expectation is new home sales dropped 810k in July and will continue to fall in the coming months. What remains to be seen is how much spillover this will have to the broader U.S. economy.

The New Zealand and Australian dollars continued their rise yesterday as investors sought high-yield currencies, trying to recoup losses suffered in the past three weeks. NZDUSD finds strong resistance at 0.7204, the 38.2% retracement of the 0.8116-0.6640 down move.



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

08:00 EC PMI Services 58 vs. 58.3  
08:00 EC PMI Composite 57 vs. 57.5

08:30 UK GDP (QoQ) 0.80% vs. 0.80%  
08:30 UK GDP (YoY) 3.00% vs. 3.00%  
08:30 UK Private Consumption 2Q  
08:30 UK Government Spending 2Q  
08:30 UK Gross Fixed Capital Formation 2Q  
08:30 UK Exports 2Q  
08:30 UK Imports 2Q  
08:30 UK Index of Services (3mth/3mth) JUN

12:30 US Durable Goods Orders JUL 1.00% vs. 1.40%  
12:30 US Durables Ex Transportation JUL 0.60% vs. -0.50%

14:00 US New Home Sales JUL 825K vs. 834Kv  
14:00 US New Home Sales MoM JUL -1.10% vs. -6.60%

## The Risk Today:

**EurUsd:** The pair has stalled at the 38.2 retracement level of 1.3552. There is strong resistance at 1.3610, but if broken and the pair can hold above it after its close, look for a second leg move up to 1.3687. On the downside, we see strong support all the way down to 1.3380 should 1.3479 be broken.

**GbpUsd** is back in its upward channel, and stalling at 38.2% retracement level of 2.0043. Look for a move back up to 2.0043 to be long again. On the downside, the market will test 2.0000 and if 1.9894 is broken, we can expect a target of 1.9654 easily.

**UsdJpy** 117.90 is the next target after breaking yesterday through 117.00. Support is found at 115.53 but a move below it could signal another sell-off to 114.57.

**UsdChf** has been undecided for four days now, bouncing between 1.2113 and 1.2013. Buying a breakout would target 1.2181 and selling one would target 1.1962 on the downside.

## Resistance and Support:

| EURUSD   | GBPUSD   | USDJPY   | USDCHF   |
|----------|----------|----------|----------|
| 1.3858 K | 2.0673 K | 121.81 S | 1.2287 S |
| 1.3669 S | 2.0284 S | 119.39 K | 1.2192 T |
| 1.3610 M | 2.0043 S | 117.90 S | 1.2113 S |
| 1.3563   | 2.0003   | 116.00   | 1.2055   |
| 1.3479 M | 1.9894 S | 114.57 T | 1.2032 S |
| 1.3362 S | 1.9654 T | 111.58 K | 1.1882 S |
| 1.3259 T | 1.9263 S | 107.22 T | 1.1819 T |

S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot

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