

16 April 2018

THE BIG PICTURE

US and allies strike Syria

- The US and other western allies carried out a missile attack on Syria in the early hours of Saturday morning. The attack was hailed by the US president with the tweet "Mission accomplished" and is currently regarded as a once of event. On the other hand Russia warned that "global chaos" will follow, should there be a second strike on Syria. For the time being we see the case for some calming activities as the UK foreign minister stated that no new attacks are planned. Should there be any further negative headlines, we could see safe havens on the rise again, or else the USD could strengthen.
- EUR/USD traded in a sideways manner on Friday and during today's early Asian morning between the 1.2355 (R1) resistance line and the 1.2290 (S1) support line. We see the case for the pair to continue to trade in a sideways manner however with some bearish tones, as the financial news coming out today could support the USD side. Should the bears take over the market we could see the pair breaking the 1.2290 (S1) support line. On the other hand should the bulls have the upper hand we could see the pair breaking the 1.2355 (R1) resistance line and aim for the 1.2390 (R2) resistance level.

Brexit negotiations on thorny trade issue

- Brexit negotiations are to resume again this week according to media reports and the subject will be the EU-UK trade relationships. The sessions are to cover also the unresolved issue of the Irish border. Until now, the EU had rejected the UK "cherry picking" strategy on trade relationships while the UK considers EU to be inflexible. Currently both sides seem to aim the end of October for an ending date of the negotiations, however there are worries that a substantial part of the agreement may not be finalised until then. Should there be negative headlines about the issue we could see the pound weakening.
- Cable traded in a sideways manner on Friday and during today's early Asian morning, between the 1.4345 (R1) resistance line and the 1.4168 (S1) support line. The pair could continue to trade in a sideways manner today, however with some bearish tones as the financial data due out today could favor the greenback. Should the pair come under selling interest we could see it breaking the 1.4168 (S1) support level while should it find extensive buying orders along its path we could see it breaking the 1.4345 (R1) resistance line.

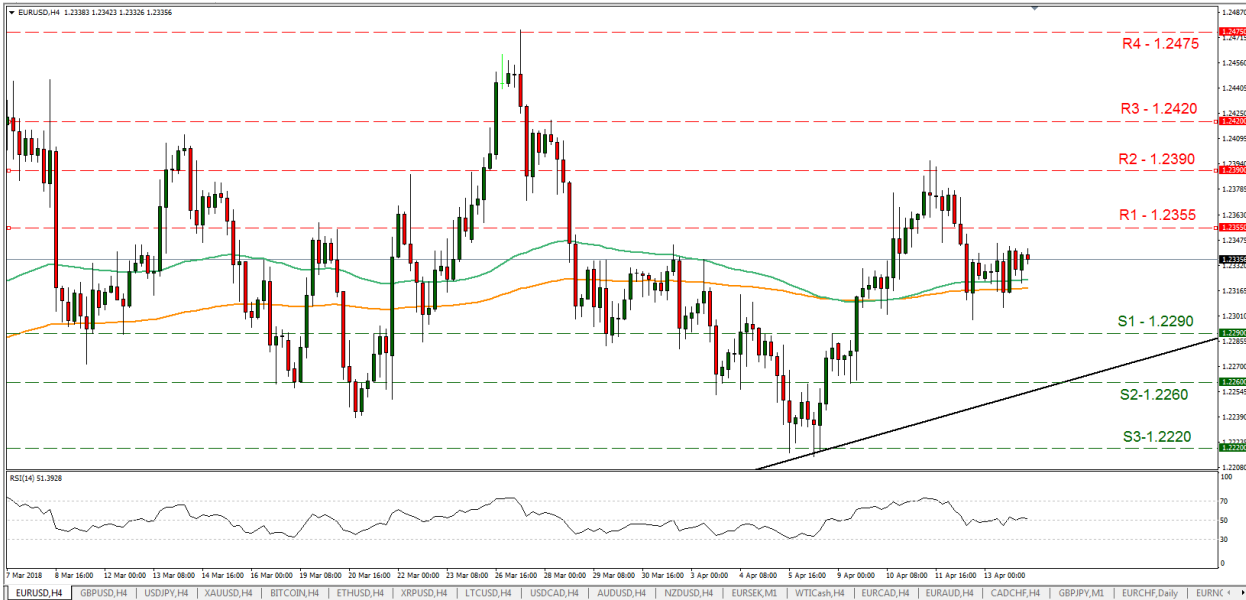
In today's other economic highlights:

- During today's North-American session we get the NY Empire State Manufacturing Index for April and at the same time the Retail Sales data for March.

As for the rest of the week:

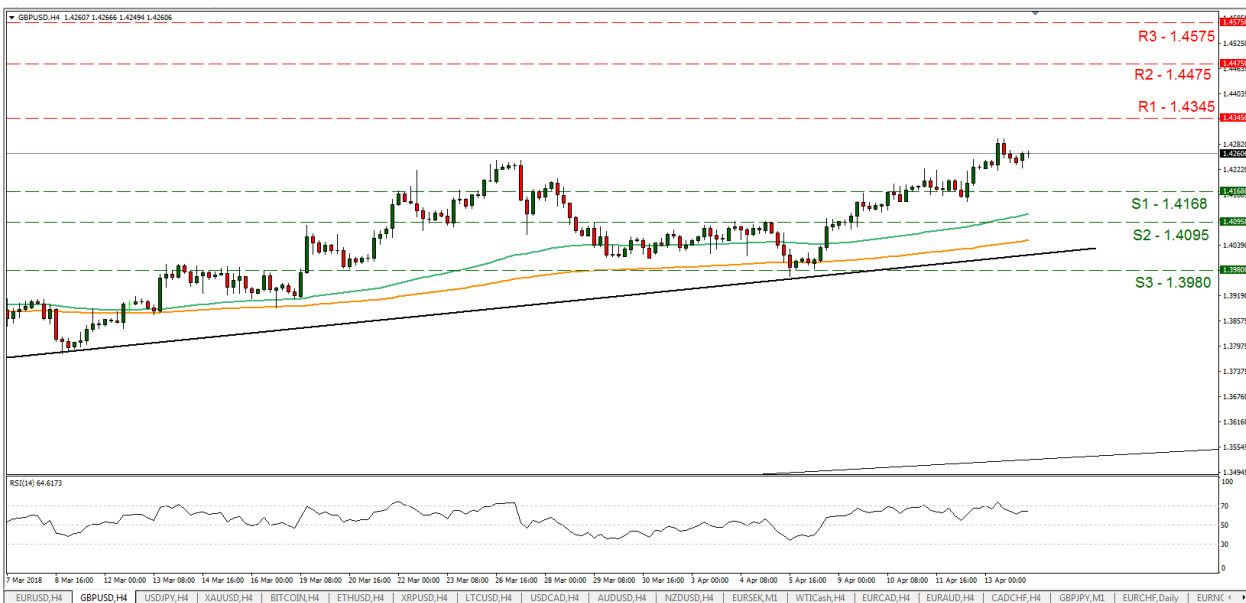
- **On Tuesday**, we get RBA's meeting minutes, the UK employment data for February, China's GDP for Q1 and Germany's ZEW Economic Sentiment indicator. **On Wednesday**, the UK inflation data for March along with Japan's Trade Balance figures and BoC's Interest rate Decision will be released. **On Thursday**, we get New Zealand's CPI rate for quarter 1 and Australia's employment data for March. **On Friday**, Japan's and Canada's inflation data for March, as well as Eurozone's Consumer Confidence preliminary indicator for April are due out.

EUR/USD



- Support: 1.2290 (S1), 1.2260 (S2), 1.2220 (S3)
- Resistance: 1.2355 (R1), 1.2390 (R2), 1.2420 (R3)

GBP/USD



- Support: 1.4168(S1), 1.4095(S2), 1.3980(S3)
- Resistance: 1.4345(R1), 1.4475(R2), 1.4575(R3)

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