

17 April 2018

THE BIG PICTURE

UK Labour expects to defeat May

- The UK Labour party expects to defeat May in the House of Lords this week. The key issue will be the customs union with the EU and Labour seem to be partnering with some Conservatives as well as Liberals to form a majority which could force May to shift her Brexit policy. On other news, May faces a critical parliament over her actions in Syria however the majority is expected to back the PM. Overall should there be further positive headlines about Brexit, the pound could strengthen.
- GBP/USD hit a two year high during today's Asian morning testing the 1.4345 (R1) resistance line. Technically please note that the pair has steepened its upward trend after testing, twelve days ago, the upward trend-line incepted since the 13th of November. Also, it's worth mentioning that the pairs' RSI has reached the reading of 70 signaling a possible overcrowded long position. On the fundamental side we see the case for the pair to continue to trade in a bullish market as the UK employment data due out today could support the sterling. Should the pair find fresh buying orders we could see it breaking the 1.4345 (R1) resistance line and aim for the 1.4475 (R2) resistance hurdle. On the other hand, should it come under selling interest, we could see the pair dropping and aiming the 1.4168 (S1) support level.

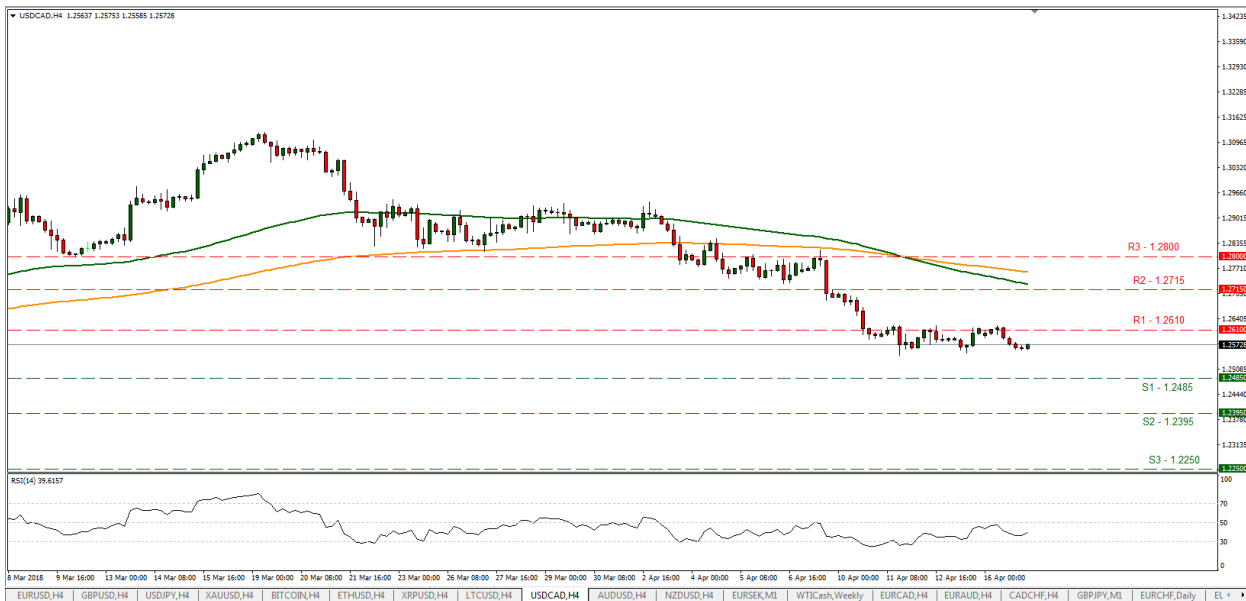
New NAFTA meeting

- Mexican economy minister Guajardo said that a meeting on Thursday could take place to discuss NAFTA. Though no final decisions are to be met, some progress could be announced at a number of issues. The meeting is to serve more as a starting point for further negotiations. Should there be further positive headlines for NAFTA there could be some turbulence for CAD, right after the BoC decision.
- USD/CAD has been trading in a sideways manner for the past week, constantly testing the 1.2610 (R1) resistance line. We see the case for the pair to continue to trade in the same manner as the market will start slowly positioning itself ahead of the BoC interest rate decision. Should the bears take over the pairs' direction we could see it aiming for the 1.2485 (S1) support line. Should the bulls take the driver's seat we could see the pair breaking the 1.2610 (R1) resistance line and aim for the 1.2715 (R2) resistance barrier.

In today's other economic highlights:

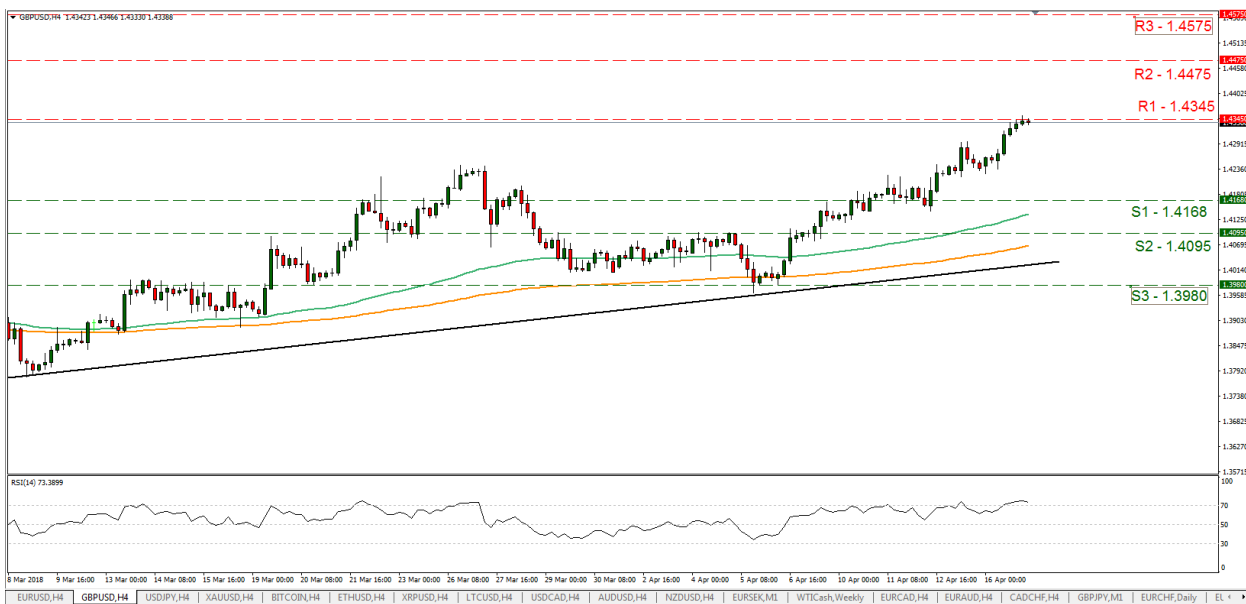
- During today's European session we get the UK employment data for February, Germany's ZEW indicators for April and New Zealand's Milk Auction data. In the American session, from the US we get the number of Building Permits, Housing starts and Industrial Output growth rate, all for March while later on we get the API weekly Crude Oil stocks. As for speakers, Bundesbank member Wuermeling, FOMC members Williams, Quarles, Evans and Philadelphia Fed President Patrick Harker speak.

USD/CAD



- Support: 1.2485 (S1), 1.2395 (S2), 1.2250 (S3)
- Resistance: 1.2610 (R1), 1.2715 (R2), 1.2800 (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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