

27 April 2018

THE BIG PICTURE

ECB remained on hold, EUR/USD drops

- ECB decided to remain on hold keeping interest rates at 0.00% yesterday and the EUR/USD dropped approximately 100 pips in total. In the accompanying statement, the comment about keeping the interest rates unchanged as well as the QE program until September and beyond if necessary, was repeated, making the statement sound a bit dovish. In the following press conference Draghi's comment, that data point toward a moderation of the expansion stands out. Overall should there be further lukewarm financial data from the Eurozone we could see the EUR weakening further.
- EUR/USD dropped yesterday breaking the 1.2175 (R2) and the 1.2135 (R1) support lines (now turned to resistances). The pair could continue to trade in a bearish market as the pair trades below the downward trend-line inception since the 19th of April. However please note that the pair could prove sensitive to the financial data releases due out today. Should the bears continue to have the upper hand on the pair, we could see it breaking the 1.2090 (S1) support level and aim for the 1.2035 (S2) support barrier. If the bulls take the reins we could see the pair breaking the 1.2135 (R1) resistance line and aim for the 1.2175 (R2) resistance level.

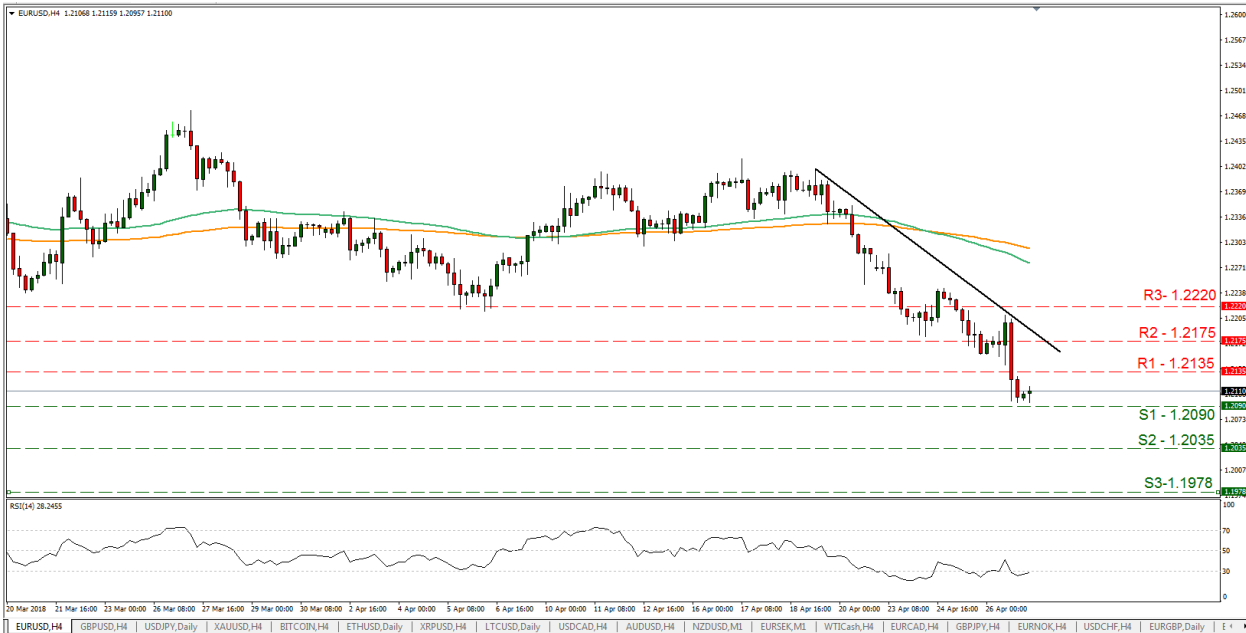
North and South Korea in historic meeting

- North and South Korean leaders joined hands in a historic meeting at the Korean demilitarised zone earlier today. The two leaders seemed relaxed and confident with each other, sparking new positive hopes for the Inter-Korean relationships. On the other hand, western analysts remain cautious as similar meetings in 2007 and 2000 did not generate the expected results. Should there be further improvement in the Inter-Korean relationships we could see uncertainty fade away in the region.
- USD/JPY traded in a sideways manner yesterday testing the 109.20 (S1) support line, largely ignoring the BoJ interest rate decision and the Korean issue. The pair could continue to trade in a sideways manner for today with some bearish tones as the financial data due out later today could prove to be unfavorable for the USD side. If the pair finds fresh buying orders along its path, we could see it reaching or even breaching the 109.76 (R1) resistance level. Should it come under selling interest we could see it breaking the 109.20 (S1) support line and aim for the 108.57 (S2) support barrier.

In today's other economic highlights:

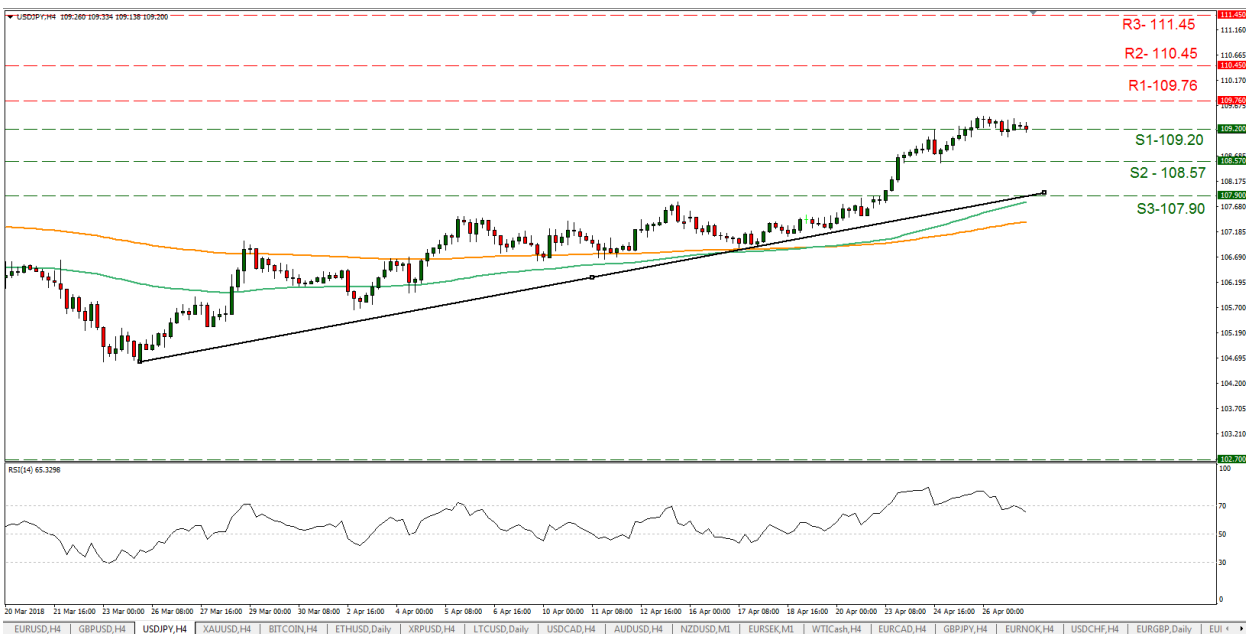
- During today's European session we get France's Preliminary GDP growth rate for quarter 1 and CPI (EU Norm.) rate for April, UK's Nationwide House Price Index for April and Preliminary GDP growth rate for quarter 1, Eurozone's final Consumer Confidence indicator for April and Germany's Unemployment Data for April. In the American session we get from the US the preliminary GDP growth rate for quarter 1 and the final University of Michigan Sentiment indicator for April. As for speakers, ECB members Mersch and Lautenschlager as well as Bank of England Governor Mark Carney speak.

EUR/USD



- Support: 1.2090 (S1), 1.2035 (S2), 1.1978 (S3)
- Resistance: 1.2135 (R1), 1.2175 (R2), 1.2220 (R3)

USD/JPY



- Support: 109.20(S1), 108.57(S2), 107.90(S3)
- Resistance: 109.76(R1), 110.45(R2), 111.45(R3)

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