

10 May 2018

## THE BIG PICTURE

### RBNZ decided to remain on hold

- RBNZ decided to remain on hold at +1.75% as was widely expected during today's early Asian morning. The accompanying statement had a more dovish tone as it stressed out twice, that the bank does not expect its interest rate to change for a while in the future, characterizing the +1.75% as an expansionary level. Also, the statement mentioned an unprecedented increase in employment and that the best contribution to maximizing sustainable employment would be to keep the Overnight Cash Rate at its current level. As for the future, the direction of RBNZ's next move regarding the interest rate could go either way. Overall, the NZD/USD dropped by some 30 pips, as the market expected the decision. We see the case for a weaker kiwi in the near future as the RBNZ seems quite comfortable with it and in no rush for a more hawkish stance.
- NZD/USD dropped yesterday and during today's Asian morning, testing the 0.6925 (S1) support line. The pair could continue to trade in a rather bearish market as the US financial data due out today, could favour the greenback. Should the bears continue to be in charge, we could see the pair breaking the 0.6925 (S1) support line and aim for the 0.6825 (S2) support level. Should the bulls take over, we could see the pair bouncing on the 0.6925 (S1) support line and aim, if not break the 0.6985 (R1) resistance line.

### Singapore most probably the meeting place of Kim and Trump

- Media suggested that Singapore will probably be the meeting place of Kim and Trump, after Mike Pompeo, the US Secretary of state returned from North Korea where he made preparations for the upcoming meeting. Pompeo, returned to the US with three released American citizens. The North Korean move was considered as a gesture of goodwill towards the US. On other news, S. Korea, China and Japan agreed that North Korea should be given aid, if it denuclearizes and highlighted their unity amid North Korea moves. Should there be further positive news on the issue we could see stability starting to settle in the region.
- USD/JPY rose yesterday testing the 109.76 (R1) resistance line. We see the case for the pair to trade in a sideways manner with some bullish tendencies as the US inflation data due out today could favour the USD side. From a technical point of view we continue to have a bullish bias, as the pair continues to trade above the upward trend line incepted since the 26<sup>th</sup> of March. Should the pair find fresh buying orders along its path we could see it breaking the 109.76 (R1) resistance line and aim for the 110.45 (R2) resistance hurdle. On the other hand, should the pair come under selling interest, we could see it breaking the 109.20 (S1) support line.

### In today's other economic highlights:

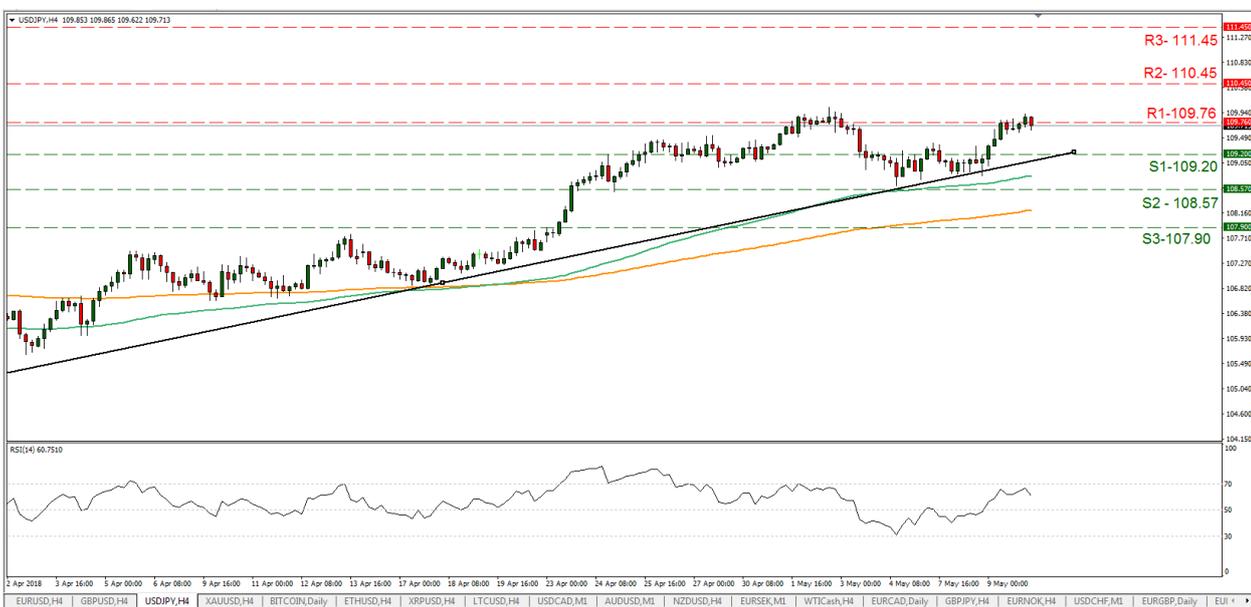
- During today's European session we will have the Avast IPO on the London Stock Exchange, UK's manufacturing output growth rate for March, the UK trade balance figure for March and the star of the day, the release of BoE's interest rate decision as well as the bank's inflation report. In the American session we get the US inflation data for April as well as the US initial jobless claims figure.

**NZD/USD**



- Support: 0.6925 (S1), 0.6852 (S2), 0.6780 (S3)
- Resistance: 0.6985 (R1), 0.7035 (R2), 0.7110 (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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