

18 May 2018

THE BIG PICTURE

“Nowhere near a deal” for NAFTA

- US trade representative Lighthizer stated yesterday, that “the NAFTA countries are nowhere near close to a deal”. The statement was made as the Senate’s Thursday deadline passed, to present the U.S. lawmakers with a revamped NAFTA deal. On the other hand the Canadian prime minister stated that he had a “positive” feeling about the deal, while a Mexican official noted that a deal might be possible by the end of May. Should there be negative headlines about the NAFTA deal, we could see the CAD and the MXN weakening.
- USD/CAD rose yesterday breaking the 1.2800 (S1) resistance line. The pair could trade in a rather bullish market today. Such an argument could be supported by possible weak financial data releases for the CAD side and the USD rather strong momentum. Should the bulls continue to be in the driver’s seat we could see the pair breaking the 1.2860 (R1) resistance line and aim for the 1.2915 (R2) resistance hurdle. Should the bears take over we could see the pair breaking the 1.2800 (S1) support line and aim for the 1.2715 (S2) support barrier.

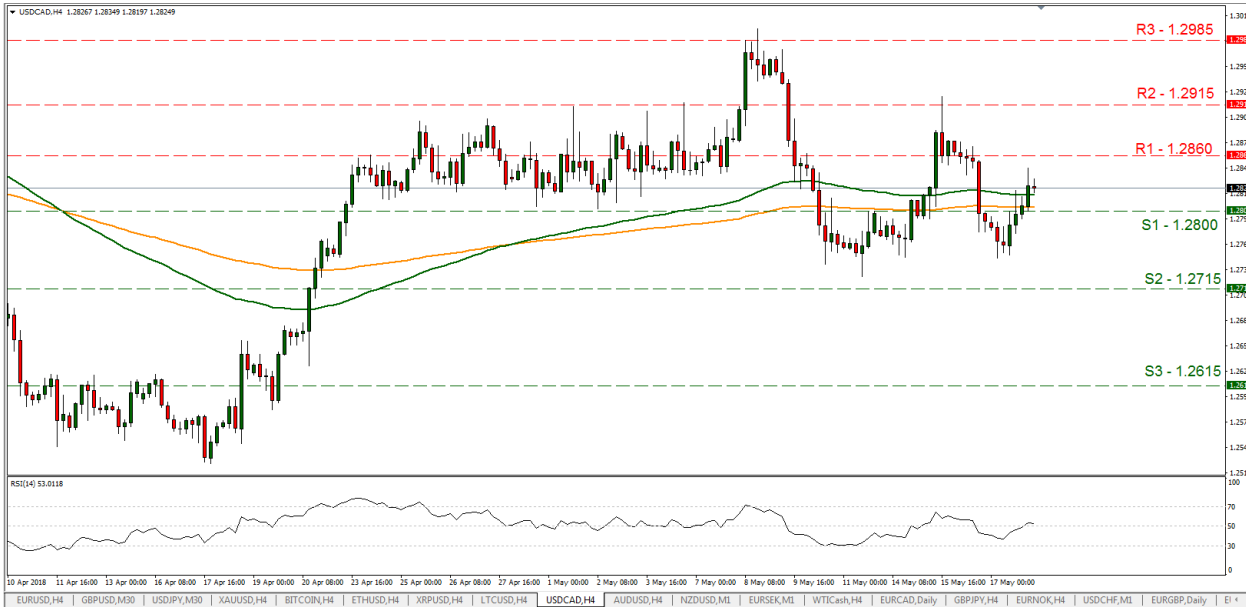
Efforts to appease North Korea

- In an effort to appease North Korea’s leader president Trump said that Kim’s security would be guaranteed, in any deal and his country would not suffer the fate of Libya. Trump also distanced himself, from National Security advisor Bolton’s recent comments and stated that he is not pursuing the “Libyan model”. Overall, on the US side preparations for a possible Trump-Kim meeting seem to continue as planned, despite North Korea casting doubt on the meeting per se. Should there be negative headlines for the issue we could see safe havens strengthening.
- USD/JPY rose yesterday breaking the 110.45 (S1) resistance line (now turned to support) and testing the 110.95 (R1) resistance line. We see the case for the pair to continue to trade in a bullish market today. Such a scenario could be supported technically by the strong upward trend line incepted since the 26th of March. Should the pair continue finding fresh buying orders along its path we could see it breaking the 110.95 (R1) resistance line and aim for the 111.45 (R2) resistance level. Should the pair come under selling interest we could see it aiming for, or even breaking the 110.45 (S1) support line.

In today’s other economic highlights:

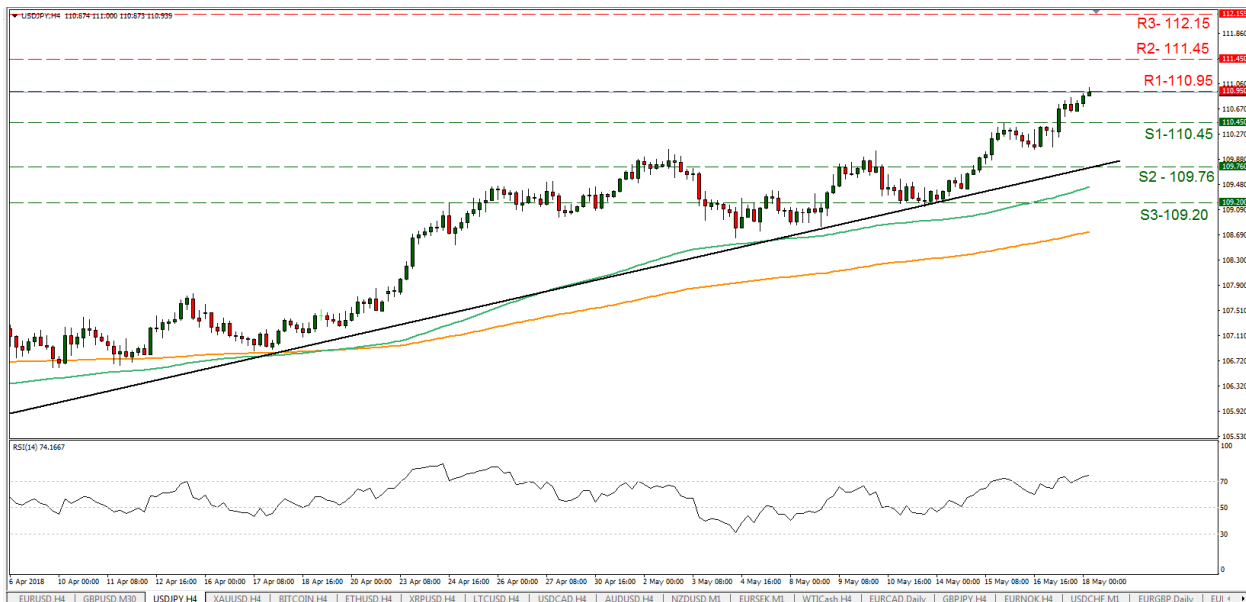
- In the European session we get Germany’s Producer Price Index for April and Eurozone’s Current Account figure for March. In the American session we get Canada’s CPI and Core CPI rates for April as well as Canada’s Retails Sales growth rate for March. As for speakers, FOMC members Mester and Brainard as well as Dallas Fed President Kaplan speak.

USD/CAD



- Support: 1.2800(S1), 1.2715 (S2), 1.2615 (S3)
- Resistance: 1.2860 (R1), 1.2915 (R2), 1.2985 (R3)

USD/JPY



- Support: 110.45 (S1), 109.76 (S2), 109.20 (S3)
- Resistance: 110.95 (R1), 111.45 (R2), 112.15 (R3)

| www.IronFX.com.au | www.IronFX.co.za | www.IronFX.com

Group Licences and Authorisations:

8Safe UK Limited is authorized and regulated by the Financial Conduct Authority (FCA no. 585561)

GVS (AU) Pty Limited is authorized and regulated by ASIC (AFSL no. 417482)

IronFX Global (South Africa) (Pty) Ltd is authorized by the Financial Services Board (FSP no. 45276)

Notesco Financial Services Limited is authorized and regulated by CySEC (Licence no. 125/10)

High Risk Warning: Our services include products that are traded on margin and carry a risk of losing all your initial deposit. Before deciding on trading on margin products you should consider your investment objectives, risk tolerance and your level of experience on these products. Trading with high leverage level can either be against you or for you. Margin products may not be suitable for everyone and you should ensure that you understand the risks involved. You should be aware of all the risks associated in regards to products that are traded on margin and seek independent financial advice, if necessary.

Disclaimer: The information in this document should not be considered as an investment advice or investment recommendation but instead as educational material only. This material is just the personal opinion of the author(s) and client's investment objective and risks tolerance have not been considered. IronFX is not responsible for any loss arising from any information herein contained. Redistribution of this material is strictly prohibited.

IronFX does not offer its services to residents of certain jurisdictions such as USA, Iran, Cuba, Sudan, Syria and North Korea.