

21 May 2018

THE BIG PICTURE

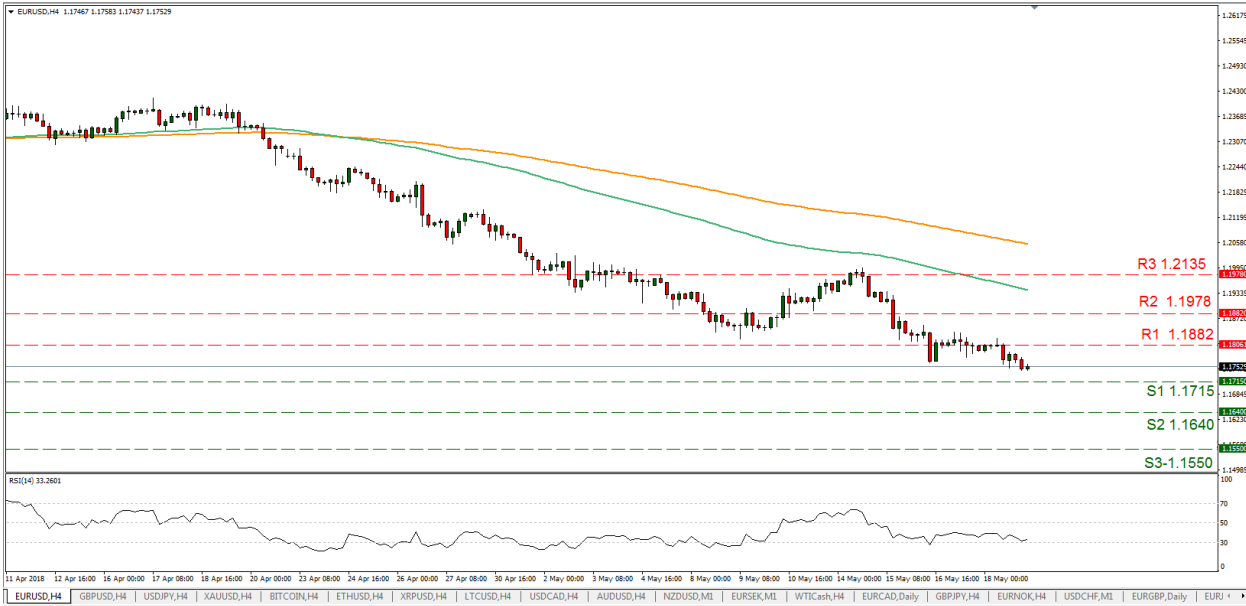
Trump 'America First' policy helping or hurting the US?

- European companies and more specifically German companies are worried that U.S. President Trump is increasingly thinking only of America's interest and does not consider the effect of the actions on other countries. Lately the US has pulled out of the 2015 Iran nuclear deal and Germany has acknowledged things could get tough for companies doing business with Iran. German companies also face the prospect of possible extra levies with the imposed tariff on steel imports and on aluminium.
- America First seems to be becoming America Alone, according to DIHK President Eric Schweitzer and also added that the fact makes German businesses really worried. France is looking to see if the European Union could compensate European companies that might face U.S. sanctions for doing business with Iran, French finance Minister Bruno Le Maire said on Sunday.
- Further negative comments regarding difficulties of European companies doing business could hurt the EUR. For the next days, we see the case for EURUSD to trade in a sideways movement with some bearish tendencies as the financial data to be released this week support this scenario.

U.S & China put trade war on hold

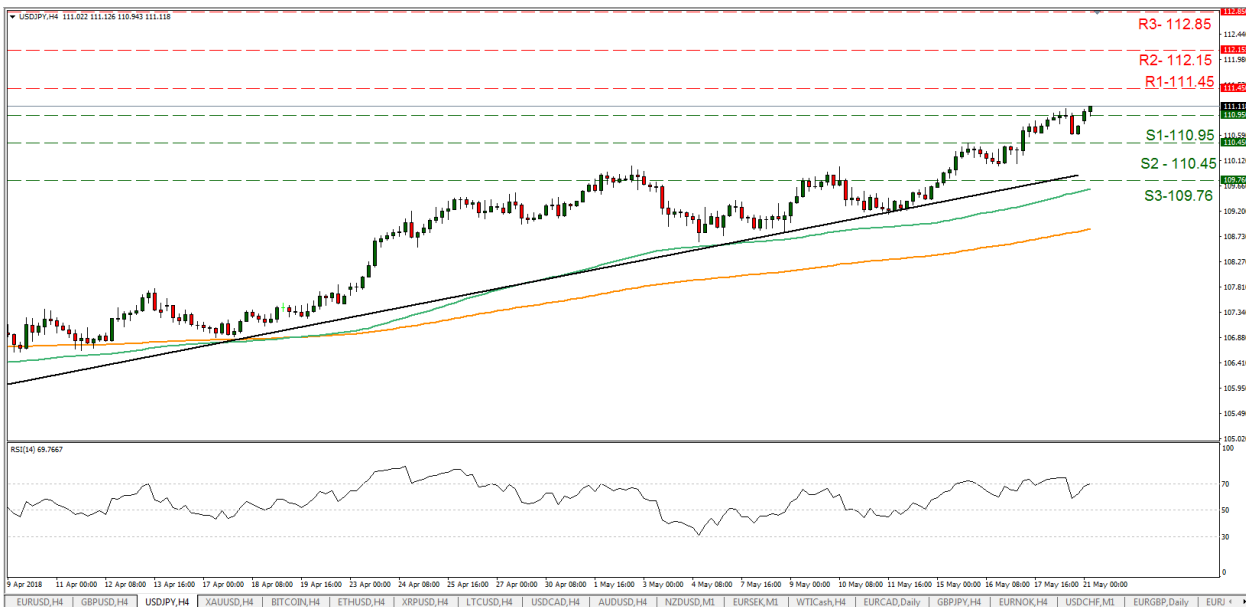
- The world's largest economies agreed to put aside their tariff threats while they work on a wider trade agreement, U.S. Treasury Secretary Steven Mnuchin said on Sunday.
- On Saturday, Beijing and Washington said they would keep talking about measures under which China would import more energy and agricultural commodities from the United States in order to reduce the \$335 billion annual U.S. goods and services gap with China.
- Vice Premier Liu He, a representative of China's President Xi Jinping said both sides agreed to stop "slapping tariffs" on each other and called his visit "positive, pragmatic, constructive and productive".
- Further good news on the US China relationships could strengthen the USD. USDJPY tested the 110.95 resistance level now turned to support. We see the case for USDJPY to trade in a sideways movement with some bullish tendencies as it could reach the 111.45 Resistance level.

EUR/USD



- Support: 1.1715(S1), 1.1640 (S2), 1.1550 (S3)
- Resistance: 1.1882 (R1), 1.1978 (R2), 1.2135 (R3)

USD/JPY



- Support: 110.95(S1), 110.45 (S2), 109.76 (S3)
- Resistance: 111.45 (R1), 112.15 (R2), 112.85 (R3)

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