

11 June 2018

THE BIG PICTURE

G7 meeting ended without a common stance

- According to media, as the G7 meeting was drawing to a close, with all parties agreeing to a joint statement, US president Trump instructed US diplomats not to sign it. The US President's instructions seem to be a reaction to some comments made by Canada's Prime minister. The other 6 members seem to stand by that communique and Canada retains its retaliatory tariffs, while Europe seems to be considering countermeasures for the US tariffs. The revamping of the NAFTA agreement seems uncertain, after a Twitter attack on the Canadian Prime minister by president Trump. Overall, the meeting failed to establish a common ground avoiding a trade war and should there be headlines implying an escalation of the dispute we could see safe havens strengthening.
- EUR/USD traded on Friday, in a sideways manner aiming for the 1.1715 (S1) support line in the European session and correcting later on. We may see the pair continue trading in a sideways manner today, however with some bullish tones. Should the bulls take over the market we could see the pair breaking the 1.1820(R1) resistance line and aim for the 1.1925 (R2) resistance hurdle. Should the bears take the reins we could see the pair breaking the 1.1715 (S1) support line and aim for the 1.1640 (S2) support barrier.

Trump-Kim meeting ahead

- On other headlines, US president Trump flew to Singapore for his meeting with North Korean Leader Kim Jong Un tomorrow. In the meeting, the possibilities for North Korea to give up its nuclear arsenal in order for the US to lift trade sanctions are to be explored. The road seems to be bumpy as president Trump and Kim Jong Un are yet to agree on the definition of denuclearization. According to media reports, President Trump may follow an intuitive diplomacy tactic, depending on the course of the meeting. Such a scenario could increase uncertainty about the outcome. Should there be positive headlines about the meeting we could see safe havens weakening.
- USD/JPY also traded in a sideways manner on Friday, near the 109.75 (R1) resistance line. We could see the pair have some bullish tones as the Yen may weaken due to its dual nature as a safe haven. Should the bulls take over we could see the pair breaking the 109.75 (R1) resistance level and aim for the 110.45 (R2) resistance hurdle. Should the pair come under selling interest we could see the pair aiming or even breaking the 108.95 (S1) support line.

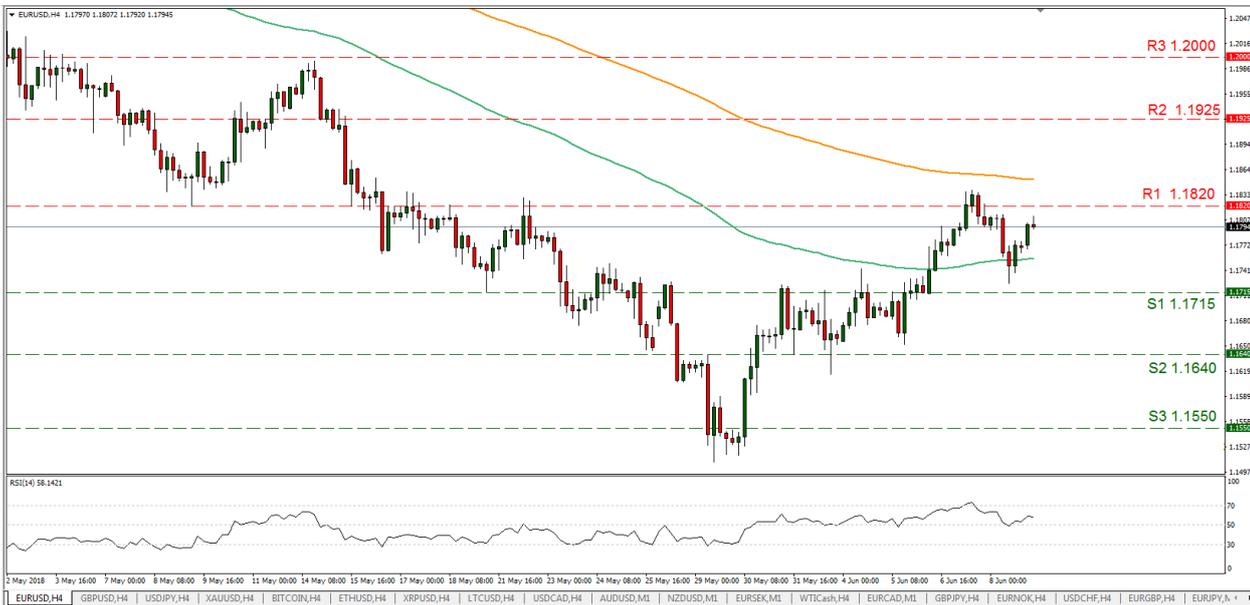
In today's other economic highlights:

In the European session, we get from the UK, the Manufacturing Output growth rate for April and the Trade Balance figure for April.

As for the rest of the week:

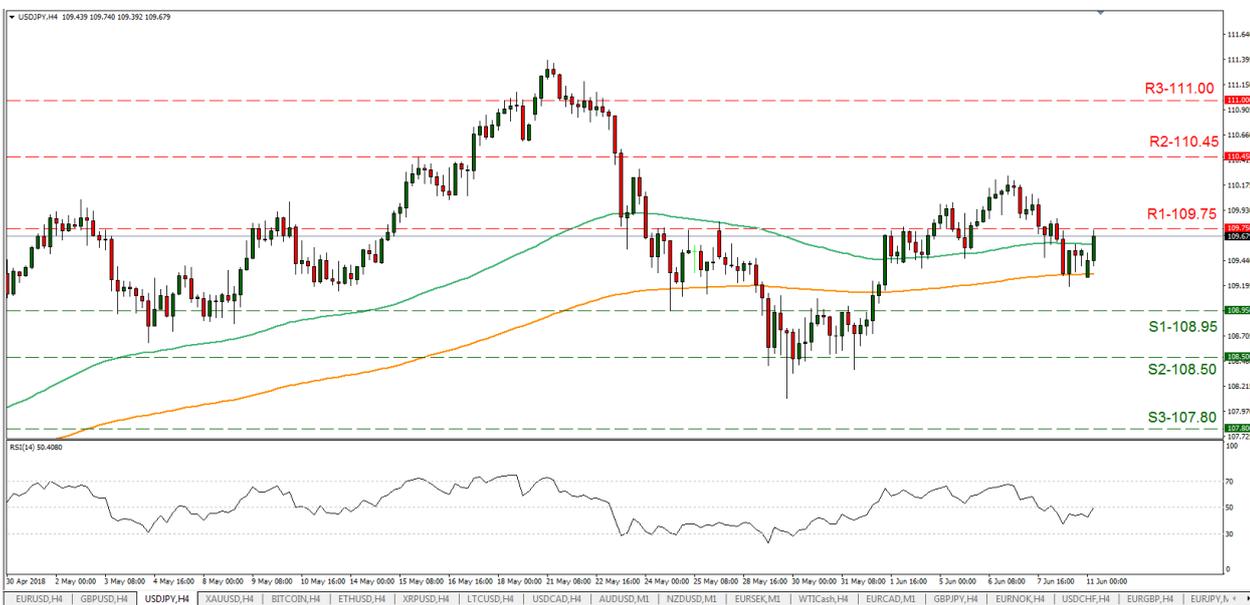
On Tuesday, UK employment Data for April, Germany's ZEW Economic Sentiment for June and US inflation data for May are due out. On Wednesday, we get the UK inflation data for May and FOMC's interest rate decision. On Thursday, we get Australia's Employment data for May, Germany's and France's final HICP rates for May and ECB's interest rate decision. On Friday, BoJ's interest rate decision, Eurozone's final inflations rates for May and the US preliminary Michigan Consumer Sentiment indicator for June are due out.

EUR/USD



- Support: 1.1715(S1), 1.1640(S2), 1.1550(S3)
- Resistance: 1.1820(R1), 1.1925(R2), 1.2000(R3)

USD/JPY



- Support: 108.95(S1), 108.50(S2), 107.80(S3)
- Resistance: 109.75(R1), 110.45(R2), 111.00(R3)

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