

25 June 2018

THE BIG PICTURE

Risk rises over fears of trade tensions

- Developments over the weekend increased fears over higher trade tensions. According to media, US authorities could be preparing rules that would forbid companies with a greater than 25% Chinese ownership to take over US companies which are in “industrial significant technologies”. US president Trump’s threats of imposing a 20% tariff on EU cars and EU answering that it will retaliate, also intensified uncertainty. The US Dollar weakened against JPY and should there be further escalation we could see it weakening even further.
- USD/JPY broke its sideways movement during today’s Asian morning, by breaking the 109.75 (R1) support line (now turned to resistance). We see the case for the pair to continue to trade in a bearish market, as it broke its sideways movement and the relative RSI indicator approaches the reading of 30, on the 4 hour chart. Should the pair continue to be under selling interest we could see it breaking the 109.25 (S1) support line and aim for the 108.70 (S2) support level. Should it find buying orders along its path we could see it breaking on the upside this time, the 109.75 (R1) resistance line and aim for the 110.25 (R2) resistance level.

Erdogan’s win supports TRY

- Erdogan seems to be winning the elections in Turkey according to polls, however other parties did not accept the results yet. The win is expected to give Erdogan sweeping new powers as the president of Turkey in the internal political front. On the monetary front it could be the case that he may try to intervene to CBT’s decisions once again. The Turkish lira strengthened against USD, as political uncertainty was removed with the result and could strengthen further on positive headlines.
- USD/TRY opened with a negative gap during today’s Asian morning, breaking the 4.6600 (R1) support line (now turned to resistance) and testing the 4.6000 (S1) support line. The pair also broke the sideways movement it had for the past ten days, reflecting the strengthening of the TRY side. We could see the pair continue to trade in a bearish market as the RSI reading touched 30 and the sideways motion is broken. Should the bears continue to be in charge, we could see the pair breaking the 4.6000(S1) support line and aim for the 4.5275 (S2) support barrier. On the other hand should the bulls take over, we could see the pair breaking the 4.6600 (R1) resistance line and aim for the 4.7650 (R2) resistance hurdle.

In today’s other economic highlights:

- In the European session we get Germany’s Ifo Business Climate indicator for June and in the American session we get from the US the New Home Sales figure for May.

As for the rest of the week:

- On Tuesday, we get the US Consumer Confidence indicator for June. On Wednesday, the US Durable Goods growth rates for May are due out. On Thursday, RBNZ’s Interest rate decision is to be released as well as Germany’s HICP preliminary rate for June and the final US GDP growth rate for Q1. On a busy Friday, we get Japan’s unemployment rate for May, France’s preliminary CPI (EU Norm.) for June, Germany’s Unemployment data, UK’s final GDP growth rate for Q1, Eurozone’s preliminary CPI rate for June, US Consumption for May, Canada’s GDP growth rate for April and the final release of the US U. Michigan Consumer Sentiment for June.

CALENDAR FOLLOWS

DAILY CALENDAR

TIME GMT	REGION	INDICATOR	PERIOD	SURVEY	ACTUAL	PRIOR	IMPACT	CCY	COMMENTS
08:00	Germany	Ifo Business Climate	Jun.	101.7		102.2	H	EUR	Could weaken EUR
14:00	US	New Home Sales	May	667k		662k	H	USD	Could strengthen USD

*****Major market moving events in bold red,**

F=final,

P=preliminary,

L=low,

M=medium,

H=high

Ccy= currency

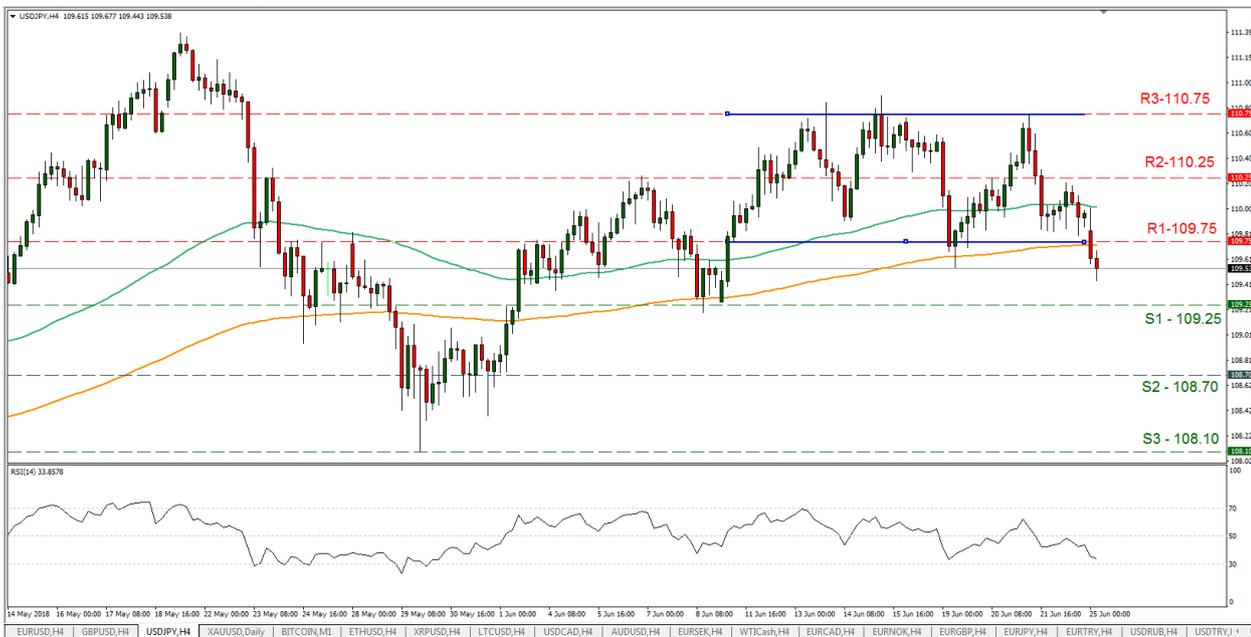
TECHNICALS FOLLOW

USD/TRY



- Support: 4.6000(S1), 4.5275(S2), 4.4600(S3)
- Resistance: 4.6600(R1), 4.765(R2), 4.8340(R3)

USD/JPY



- Support: 109.25(S1), 108.70(S2), 108.10(S3)
- Resistance: 109.75(R1), 110.25(R2), 110.75(R3)

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