

02 July 2018

THE BIG PICTURE**RBA Interest Rate Decision**

- On Tuesday in the Asian session (04:30, GMT), we get RBA's interest rate decision and it is expected to remain on hold at +1.50%. Currently AUS OIS imply a probability for the bank to remain on hold at 99.59%. Market focus could shift to the accompanying statement and comments regarding GDP, inflation, world trading conditions and household spending could gain the market's attention. Especially the recent acceleration of the GDP growth rate for Q1 from +2.4% yoy to 3.1% yoy could draw some attention.
- On a technical perspective, AUD/USD rose on Friday breaking the 0.7355 (S1) resistance level (now turned to support), however remained within the sideways movement of the past week. Should there be a neutral to dovish tone in the accompanying statement we could see the AUD weakening and vice versa, should there be a neutral to hawkish tone we could see AUD strengthening. If the bears take over the market we could see the pair breaking the 0.7355 (S1) support line and aim for the 0.7280 (S2) support barrier. Should the bulls take over, we could see the pair breaking 0.7455 (R1) resistance level.

Leftist candidate wins Mexican presidential elections

- According to media, exit polls show that leftist candidate Andres Manuel Lopez Obrador (AMLO) won Mexico's elections yesterday. Manuel Lopez could move Mexico towards a more nationalistic and social direction as he promised to reduce economic dependence from the US. The new government will inherit the NAFTA negotiations and some quite tense relationships with the US. Should there be further headlines about the intentions of the new president, volatility may arise on MXN pairs.
- USD/MXN tested the 19.60 (S1) support line and then rose to test the 20.00 (R1) resistance line, on the last trading session before the Mexican elections. We could see the pair entering a sideways movement in anticipation of further headlines. Should the pair come under selling interest we could see it breaking the 19.60 (S1) support line and aim for the 19.45 (S2) support level. Should it come under buying interest we could see it breaking the 20.00 (R1) resistance line and aim for the 20.23 (R2) resistance hurdle.

In today's other economic highlights:

- In today's European session, we get Germany's, France's and Eurozone's final manufacturing PMIs for June, UK's manufacturing PMI for June, and Eurozone's unemployment rate for May. In the American session we get the US ISM manufacturing PMI for June. As for speakers, please be advised that ECB's Peter Praet speaks. Also please bear in mind that Bitcoin opened with a positive gap, since Friday and is now trading above the 6000 USD psychological level.

As for the rest of the week

- On Tuesday, from Sweden we get Riksbank's interest rate decision. On Wednesday, we get Australia's Retail Sales for May and UK's Services sector PMI for June. On Thursday, we get the US ISM Non-Mfg PMI for June as well as the FOMC meeting minutes. On Friday, we get the US Employment report with the NFP figure and Canada's employment data, both for June.

CALENDAR FOLLOWS

DAILY CALENDAR

TIME GMT	REGION	INDICATOR	PERIOD	SURVEY	ACTUAL	PRIOR	IMPACT	CCY	COMMENTS	
07:50	France	Markit Mfg PMI	Jun.(F)	53.1		53.1	H	EUR	Could weaken EUR	
07:55	Germany	Markit/BME Mfg PMI	Jun.(F)	55.9		55.9	H	EUR		
08:00	Eurozone	Markit Mfg PMI	Jun.(F)	55.0		55.0	H	EUR		
08:30	UK	Markit/CIPS Mfg PMI	Jun.	54.0		54.4	H	GBP	Could weaken GBP	
09:00	Eurozone	Unemployment Rate	May	8.5%		8.5%	H	EUR	Neutral for EUR	
13:30	Eurozone	ECB's Peter Praet speaks						M	EUR	
14:00	US	ISM Mfg PMI	Jun.	58.1		58.7	H	USD	Could weaken USD	

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

F=final,

P=preliminary,

L=low,

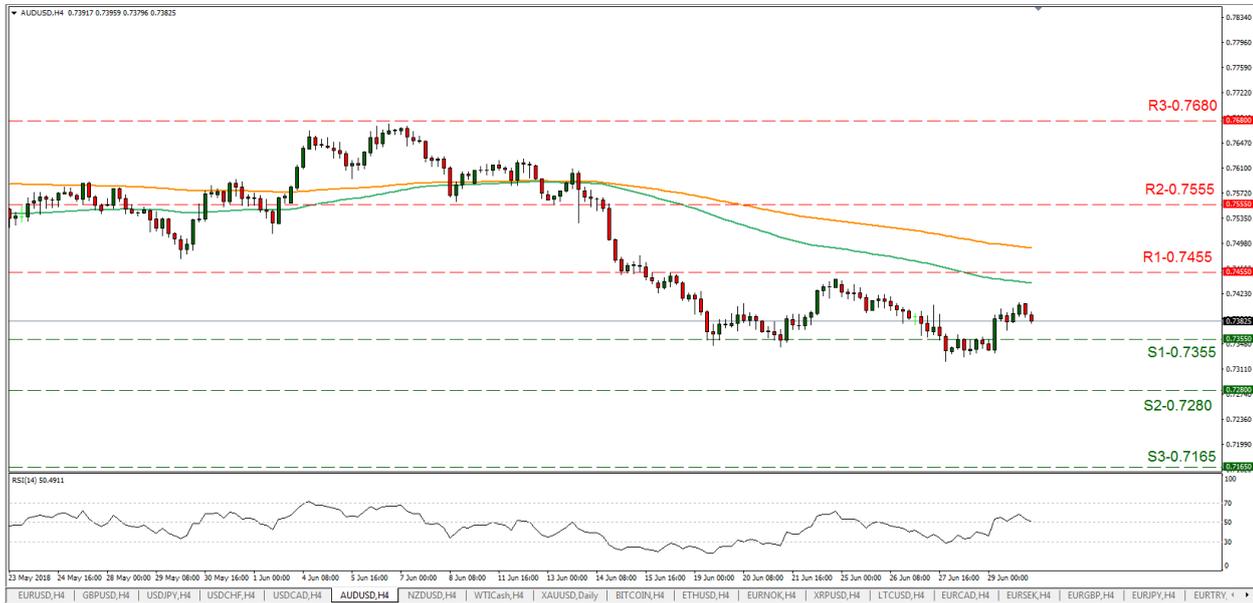
M=medium,

H=high

Ccy= currency

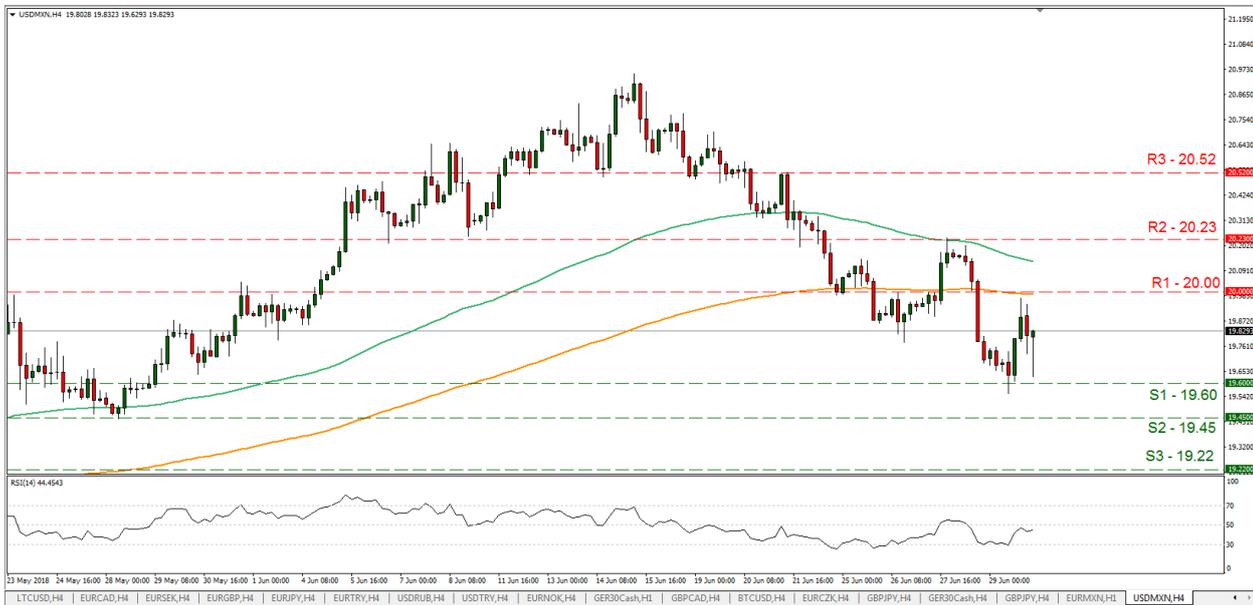
TECHNICALS FOLLOW

AUD/USD



- Support: 0.7355(S1), 0.7280(S2), 0.7165(S3)
- Resistance: 0.7455(R1), 0.7555(R2), 0.7680(R3)

USD/MXN



- Support: 19.60(S1), 19.45(S2), 19.22(S3)
- Resistance: 20.00(R1), 20.23(R2), 20.52(R3)

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