



FX DAILY

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- Fed lifts interest rate range as expected to 1.00-1.25% - hesitant cycle.
- US: Regional industrial sentiment indicators mixed in June, on balance clearly in expansionary territory – production in May weaker than expected.
- UK: Bank of England leaves monetary policy on hold – minority vote for rate hike.

FX	Supports	Resistances	Comments
EUR-USD	1.1110 – 1.1076 – 1.1023	1.1284 – 1.1300 – 1.1350	Setbacks looming
EUR-JPY	122.68 – 122.56 – 121.98	126.47 – 127.29 – 128.17	Stabilisation
EUR-GBP	0.8600 – 0.8530 – 0.8402	0.8866 – 0.9000 – 0.9025	Political uncertainty weighs on the pound
EUR-CHF	1.0838 – 1.0800 – 1.0750	1.0987 – 1.1000 – 1.1014	Stabilisation

The US central bank still sees a need for rate hikes, although it has signalled that it intends to continue to proceed very cautiously. The Fed chair gave the impression that the latest wage, price and economic data have not painted a clear picture and that the FOMC is being increasingly guided by incoming economic data.

In terms of data, the focus will remain on the US today as revisions to the final consumer prices in the euro area are not foreseeable. As a result, the core rate will probably remain at 0.9% y/y, a level that is still too low in the eyes of the ECB and a rapid withdrawal of monetary stimulus is therefore unlikely. Across the Atlantic, attention will initially turn to the housing starts and housing permits. Conditions seem solid in light of the robust labour market, low interest rates and healthy sentiment in the construction sector (NAHB index) and a rise in housing starts is foreseeable after two weaker months. The preliminary Michigan sentiment index will also attract interest. Indications from other consumer surveys suggest caution. Bloomberg consumer confidence has not shifted from its sideways trend for months and the TIPP index even declined slightly in June. All in all, the previous month's level looks set to be confirmed at most. In this context and in light of the Fed's policy, consumer inflation expectations (5-10Y) are worth noting. Expectations are low at 2.4% and we do not see scope for a marked increase. Consequently, the cautious approach of the central bank in Washington should be considered justified overall.

**EUR-USD:** The euro continues to trade below the key level of 1.13. The near-term technical environment remains negative. Indicators on a daily basis with sell signals (MACD and stochastic) do not point to a test of this key resistance. Fundamentally, however, the euro faces no headwind (see above) and the current consolidation will probably continue at the close of the week. **Trading range: 1.1076 – 1.1200. ■**

	Aktuell	Vortag
EUR-USD	1,1145	1,1145
EUR-JPY	123,86	123,64
USD-JPY	111,15	110,93
EUR-GBP	0,8726	0,8737
GBP-USD	1,2769	1,2758
EUR-CHF	1,0869	1,0870
	ggü. VT	
DAX	12691,81	-114,14
Bund-Future	164,59	-0,87
Gold	1253,47	-0,51
Oil US-LCF	44,51	0,05

Source: Bloomberg

Time	Country	Period	Indicator/event	Consensus	Prior	Impact
11:00	EZ	May	Consumer prices, final	+1.4% y/y	+1.4% (prelim.)	low
			- ex food and energy, final	+0.9% y/y	+0.9% (prelim.)	
14:30	US	May	Housing starts	1218k	1172k	medium
			Housing permits	1249k	1228k	
16:00	US	May	Fed index of labour market conditions	3.0	3.5	low
16:00	US	June	Michigan sentiment, preliminary	97.0	97.1	medium
18:45	US		Fed speech: Kaplan			

Sources: Bloomberg, Helaba Volkswirtschaft/Research