



AUTHOR

Ralf Umlauf
069/91 329132 -1891
research@helaba.de

EDITOR

Ulrich Wortberg

SALES

Savings Banks
Tel.: 069/91 32-1706/
-1715/-1815
0211/ 30174-9286

Institutionals

Tel.: 069/91 32-1830
0211/ 30174-9283

Banks

Tel.: 069/91 32-2045/
-1196

Corporates

Tel.: 069/91 32-1700/
-1442

Public Authorities

Tel.: 069 91 32 -2664 / -
4078
-4820/-2436
0211/ 30174-5952

- **France: Macron movement secures absolute majority of parliamentary seats.**
- **Asian equity markets trending largely positive.**
- **Price of oil stabilises just above USD 44/barrel, up from low.**

| 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 |

Data-wise, this week gets off to a quiet start as construction industry figures at the EMU level normally provide no impetus. Meanwhile, speeches from Fed representatives could be of greater interest after the US central bank raised its key rate range by 25bp to 1%-1.25% last week and hinted that it would continue its tightening cycle, albeit the rate hike path is likely to remain very tentative. The Fed also signalled that it would start the process of winding down its balance sheet this year. This too is bound to be a gradual process, however, beginning first with the implementation of a cap on reinvestment of maturing bond holdings. William Dudley (New York Fed president) will be giving a speech today; no fewer than eight Fed representatives will also be taking the podium this week. It looks like market players will be turning their attention mainly to this week's preliminary estimates of purchasing managers indices (PMIs) from Germany, France and the euro area. Since 2016, sentiment readings in Europe have been significantly improving across the board, at both the regional and sectoral level. Not only purchasing managers indices but also business climate indices are well in expansion territory on balance, suggesting continued growth. Furthermore, based on indications from financial market surveys (ZEW balances, sentix investor confidence), the PMIs should be able to defend their high levels. Given the levels already attained, the likelihood of significant increases is remote in our view. It should also be borne in mind that sentiment indicators have been significantly outperforming the real economic data trend, German factory orders being one example worth noting.

In the US, attention will focus predominantly on housing data. Existing home sales already plunged in April, with indications for May's sales anything but positive. For instance, pending home sales shrank for the second consecutive month while a similar trend cannot be ruled out for existing home sales. House price trends, the MBA mortgage market index and new home sales complete the picture yet for the most part are not market movers. The index of leading indicators and the Kansas City Fed index round out this week's economic reports. We do not anticipate any negative surprises.

EUR-USD: The weekly chart indicators still look encouraging, but in the short term we see little if any potential for a renewed test of the 1.13 level. Bearish factors predominate on a daily basis, nor do we see any support from the fundamentals. Although political risks in Europe are currently abating (see France), the market has already priced this in. **Our favoured trading range: 1.1110 – 1.1250.** ■

| Time | Country | Period | Indicator/event | Consensus | Prior | Impact |
|-------|---------|--------|---------------------|-----------|-----------|--------|
| 11:00 | EZ | Apr | Construction output | n/a | -1.1% m/m | low |
| 14:00 | US | | Fed speech: Dudley | | | |

Sources: Bloomberg, Helaba Volkswirtschaft/Research

| | Aktuell | Vortag |
|-------------|----------|---------|
| EUR-USD | 1,1194 | 1,1198 |
| EUR-JPY | 124,19 | 124,15 |
| USD-JPY | 110,93 | 110,88 |
| EUR-GBP | 0,8765 | 0,8760 |
| GBP-USD | 1,2774 | 1,2783 |
| EUR-CHF | 1,0901 | 1,0902 |
| | | ggü. VT |
| DAX | 12752,73 | 60,92 |
| Bund-Future | 164,73 | 0,14 |
| Gold | 1253,10 | -0,63 |
| Oil US-LCF | 44,56 | -0,18 |

Source: Bloomberg