



FX DAILY

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

EDITOR
Ulrich Wortberg

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- **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