

US dollar slowed its expansion

The euro appreciated modestly versus the US dollar, despite the optimistic data released in the US during the day, which saw the June trade deficit narrowing unexpectedly by 4.1% to 56.8 bln. dollars. This fueled speculations that the next rate move in the U.S. will be to raise them, while the more probable scenario in the Eurozone is for a rate cut.

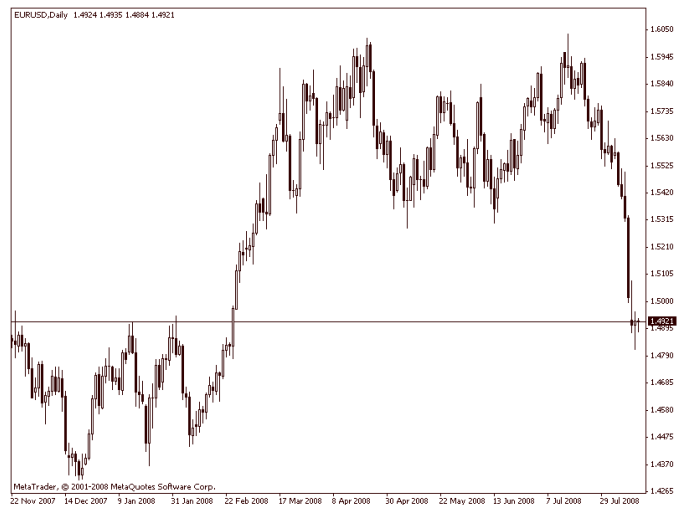
The European Central Bank warned that the German economy may be going through a hard period but this won't amount to a recession. German's GDP will grow around 2.0% this year and around 1.0% next year, the bank forecasted. ECB also sees eurozone growth slowing faster than expected.

The yen also advanced against the US dollar as data released in Japan saw July corporate goods price inflation climb to 7.1%, a 27-year high and above expectations. Also, July consumer confidence fell to 31.4, its lowest level since June 1982. Other data released saw June industrial output decline 2.2%.

The British pound was the only currency among majors, which weakened versus the US dollar. The data released in the UK saw July CPI inflation rising to 4.4% from 3.8% in June - more than doubling Bank of England's inflation target of 2.0%. This decreases the probability for a rate cut in the coming months. Meanwhile, government data saw June house price growth of 0.6% y/y.

EUR/USD

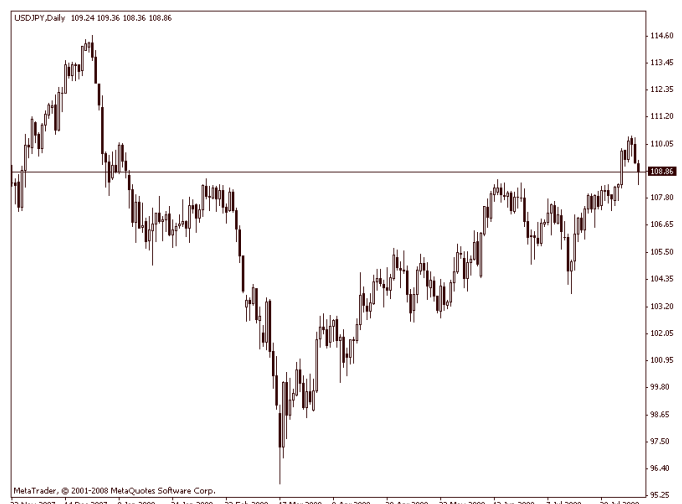
The euro rose modestly against the dollar and traded close to the key resistance level at 1.5000. Overcoming of this level will open a potential for further rise to 1.5150, followed by 1.5300. On the downside, resistance is seen at 1.4850, followed by 1.4700 and 1.4525.



Support	1.4850	1.4700	1.4525
Resistance	1.5000	1.5150	1.5300

USD/JPY

The pair retraced after the significant rise from the previous days. The short term picture remains unchanged and the level at 110.50 continues to show resistance to the upward movement. If broken successfully, next resistances will be 111.20 and 113.40. On the downside, support is seen at 108.30, followed by 107.90 and 107.30.



Support	108.30	107.90	107.30
Resistance	110.50	111.20	113.40

GBP/USD

The negative trend for the sterling remains and the pair moves towards the next short term support at 1.8960 and broke the previous one at 1.9075. If broken successfully, next supports will be 1.8885 and 1.8586. If the upward movement is resumed, on the upside, resistance is seen at 1.9075, followed by 1.9170 and 1.9360.



Support	1.8885	1.8586	1.8170
Resistance	1.9075	1.9170	1.9360

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