

**Market Focus on Today's Calendar ( Monday, June 16, 2014 )**

- 12:00 EUR Core CPI (YoY) **Forecast** 0.7% **Previous** 0.7%
- 12:00 EUR CPI (MoM) **Forecast** -0.1% **Previous** 0.2%
- 12:00 EUR CPI (YoY) **Forecast** 0.5% **Previous** 0.5%
- 15:30 CAD Foreign Securities Purchases **Forecast** 4.27B **Previous** -1.23B
- 15:30 USD NY Empire State Manufacturing Index **Forecast** 15.00 **Previous** 19.01
- 16:00 USD TIC Net Long-Term Transactions **Forecast** 41.3 **Previous** B4.0B
- 16:15 USD Industrial Production (MoM) **Forecast** 0.5% **Previous** -0.6%

## **Weekly Preview**

The market's main focus this week will be on the Tue/Wed FOMC meeting where the Fed is unanimously expected to leave its funds rate target un-changed and cut QE3 by another \$10 billion to \$35 billion per month. Fed Chair Yellen will hold a press conference on Wednesday at the conclusion of the FOMC meeting.

There is also a heavy slate of U.S. economic reports this week with key reports including tomorrow's May CPI (expected unchanged at +2.0% y/y) and May housing starts (expected -3.9%), and Thursday's initial unemployment claims report (expected -4,000). The Treasury on Thursday will sell \$7 billion of 30-year TIPS.

In overseas news this week, the markets will mainly be watching the geopolitical hot spots in Iraq and Ukraine. Other overseas news this week includes Tuesday's China May property prices, Tuesday's German June ZEW economic expectations index (expected +1.9 to 35.0), Tuesday's Japan's May trade report (exports expected -1.3% y/y), Wednesday's minutes from the June 4-5 BOE meeting, Thursday's UK May retail sales (expected +4.3% y/y), and Friday's June Eurozone consumer confidence index (expected +0.6 to -6.5).

### **Market Closes (13 June 2014)**

**Stock Market** -- The S&P 500 index on Friday closed higher. Bull-ish factors included (1) the unexpected -0.2% m/m drop in May PPI, weaker than expectations of +0.1% m/m, which boosted speculation the Fed may delay any hike in interest rates, and (2) strength in technology stocks led by a rally in Intel after the world's largest semiconductor maker said annual sales will increase for the first time in 3 years. Strength in stocks was limited after early-June U.S. consumer confidence unexpectedly fell -0.7 to 81.2, weaker than expectations of +1.1 to 83.0. Closes: S&P 500 +0.31%, Dow Jones +0.25%, Nasdaq +0.31%.

**European indices**, meanwhile, ended the day largely lower. After the close of European trade, the DJ Euro Stoxx 50 rose 0.01%, France's CAC 40 fell 0.24%, while Germany's DAX fell 0.26%. Meanwhile, in the U.K. the FTSE 100 fell 0.95%.

**Asian stock markets** were mostly lower on Monday, as concerns over escalating violence in Iraq weighed on sentiment. During late Asian trade, Hong Kong's Hang Seng dipped 0.1%, China's Shanghai Composite inched up 0.72%, Australia's S&P/ASX 200 closed 0.13% higher, while Japan's Nikkei 225 ended down 1.09%.

**Interest Rates** -- Sep 10-year T-note futures prices on Friday closed lower. Bearish factors included (1) negative carry-over from a drop in British gilts after BOE Governor Carney said that interest rate increases "could happen sooner than markets currently expect," and (2) reduced safe-haven demand for T-notes as stocks erased early losses and settled higher. Closes: TYU4 -8.00, FVU4 -6.00.

**Forex** -- The dollar index on Friday closed unchanged. EUR/USD weakened after ECB Executive Board member Coeure said that the ECB's measures introduced Jun 5 created "stability and predictability of rates, with low rates close to zero for a long period of time." Gains in the dollar were muted after stocks recovered from early losses and closed higher, which reduced safe-haven demand for the dollar. Closes: Dollar Index unch, EUR/USD -0.0017 (-0.13%), USD/JPY +0.310 (+0.30%).

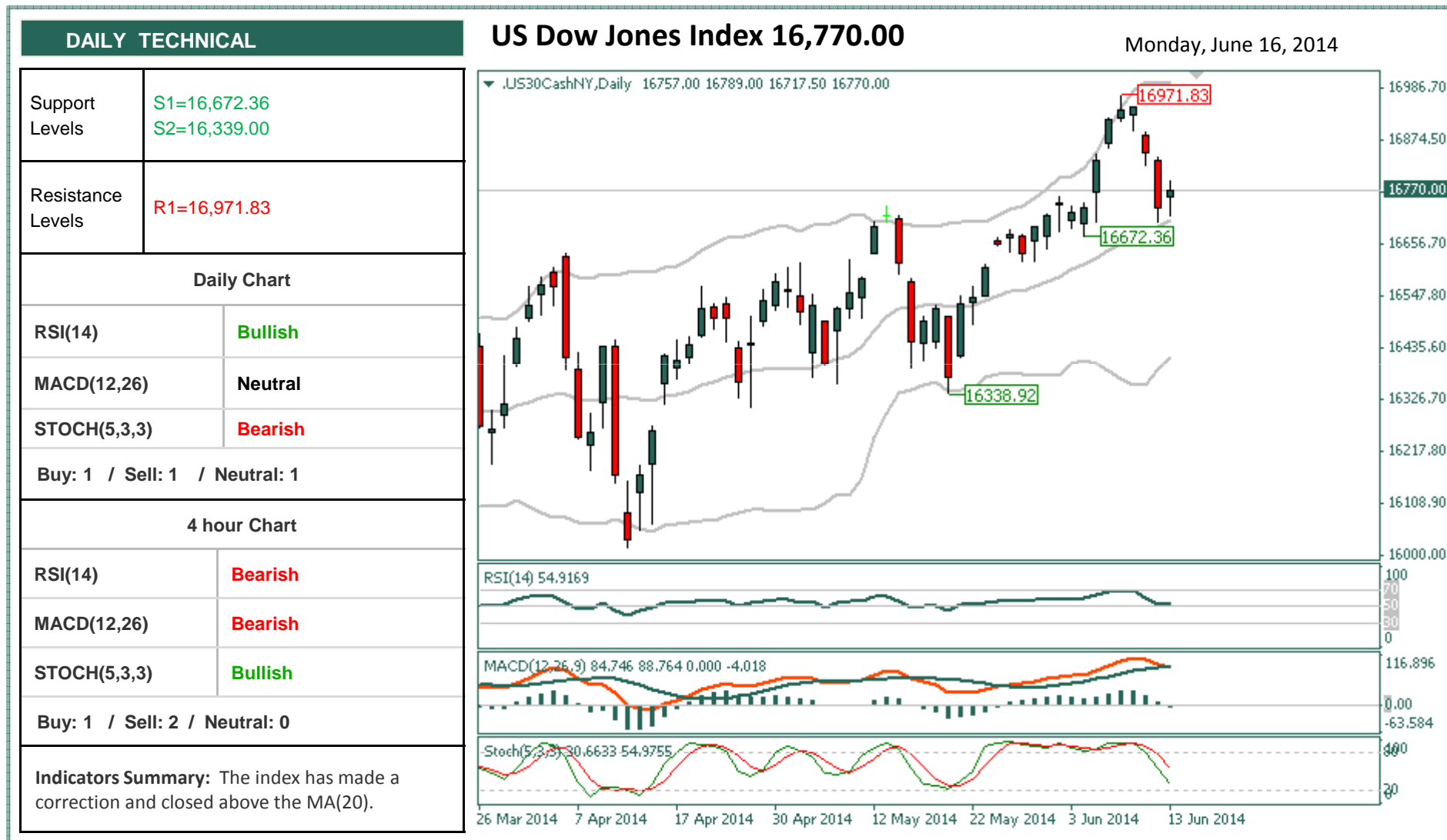
**Metals** -- Metals prices on Friday closed higher: GCQ4 +0.1 (+0.01%), SIN4 +0.122 (+0.62%), HGN4 +0.014 (+0.46%). Aug gold posted a 2-week high and July silver posted a 3-week high on increased safe-haven demand on concern the escalation of violence in Iraq may lead to civil war. Copper gained on supply concerns after weekly Shanghai copper inventories fell -4,571 MT to a 2-1/2 year low of 81,929 MT.

**Energy** -- July crude and gasoline prices on Friday settled mixed. July crude posted an 8-3/4 month high and closed higher after Islamist fighters extended their advance into Iraq, which risks starting a civil war that disrupts oil supplies from Iraq, OPEC's second-largest producer. July gasoline retreated from a 1-1/2 month high and closed lower after early-Jun U.S. consumer confidence index unexpectedly declined. Closes: CLN4 +0.38 (+0.36%) RBN4 -0.026 (-0.84%).

### **Key News from Friday, June 13**

- U.S. May final demand PPI unexpectedly fell -0.2% m/m, weaker than expectations of +0.1% m/m, and year-over-year May PPI rose +2.0% y/y, weaker than expectations of +2.4% y/y. May PPI ex-food & energy fell -0.1% m/m and rose +2.0% y/y, weaker than expectations of +0.1% m/m and +2.3% y/y.
- The early-June U.S. consumer confidence index from the University of Michigan unexpectedly fell -0.7 to 81.2, weaker than expectations of +1.1 to 83.0.
- China May industrial production rose +8.8% y/y, right on expectations. China May retail sales rose +12.5% y/y, stronger than expectations of +12.1% y/y.

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## DAILY TECHNICAL

Support Levels	S1=1.35044 S2=1.34752
Resistance Levels	R1=1.39935 R2=1.36778

### Daily Chart

RSI(14)	<b>Bearish</b>
MACD(12,26)	<b>Bearish</b>
STOCH(5,3,3)	<b>Neutral</b>
Buy: 0 / Sell: 2 / Neutral: 1	

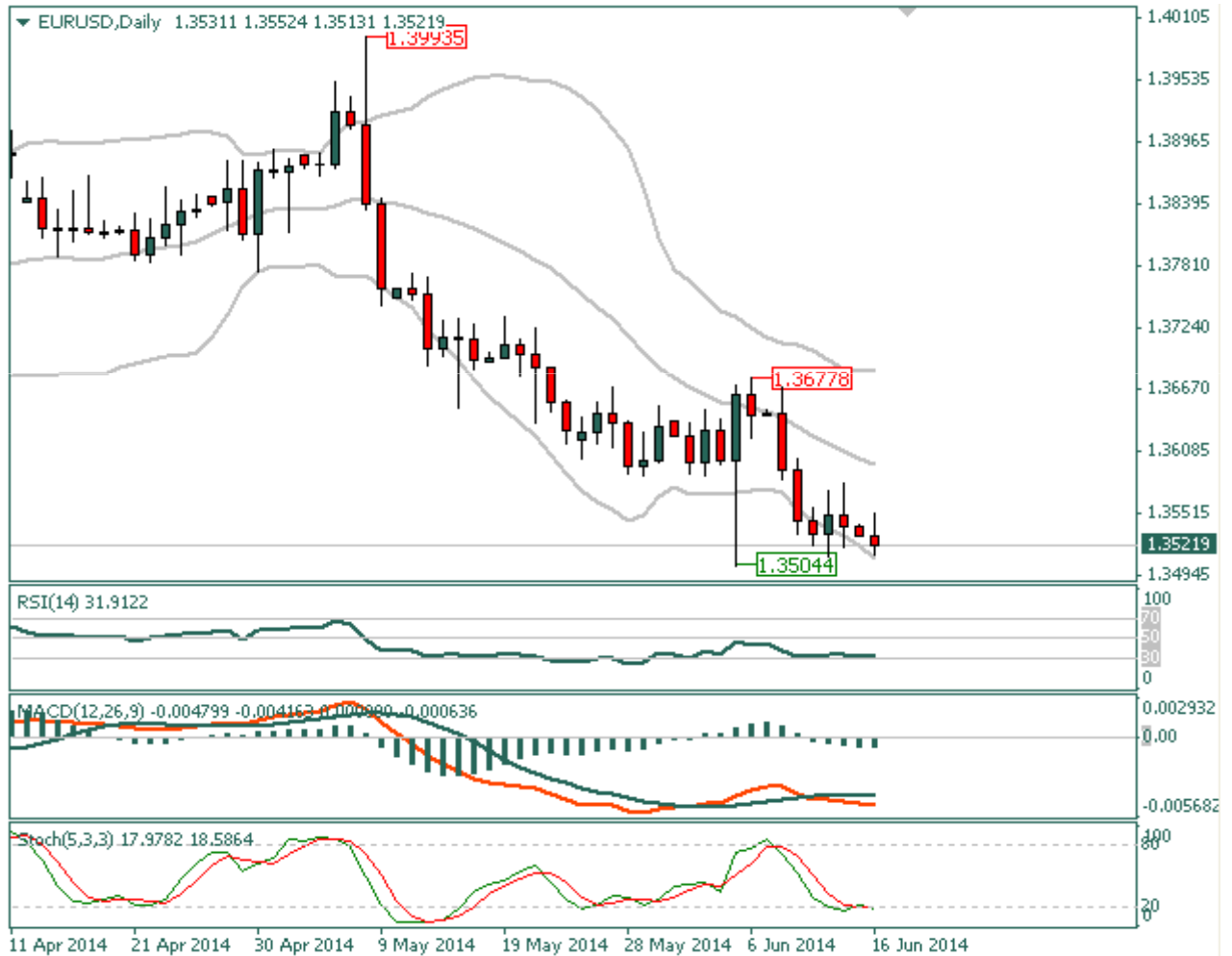
### 4 hour Chart

RSI(14)	<b>Bearish</b>
MACD(12,26)	<b>Neutral</b>
STOCH(5,3,3)	<b>Bullish</b>
Buy: 1 / Sell: 1 / Neutral: 1	

**Indicators Summary:** The EURUSD is very close to the previous support level.

## EUR/USD Currency 1.35219

Monday, June 16, 2014





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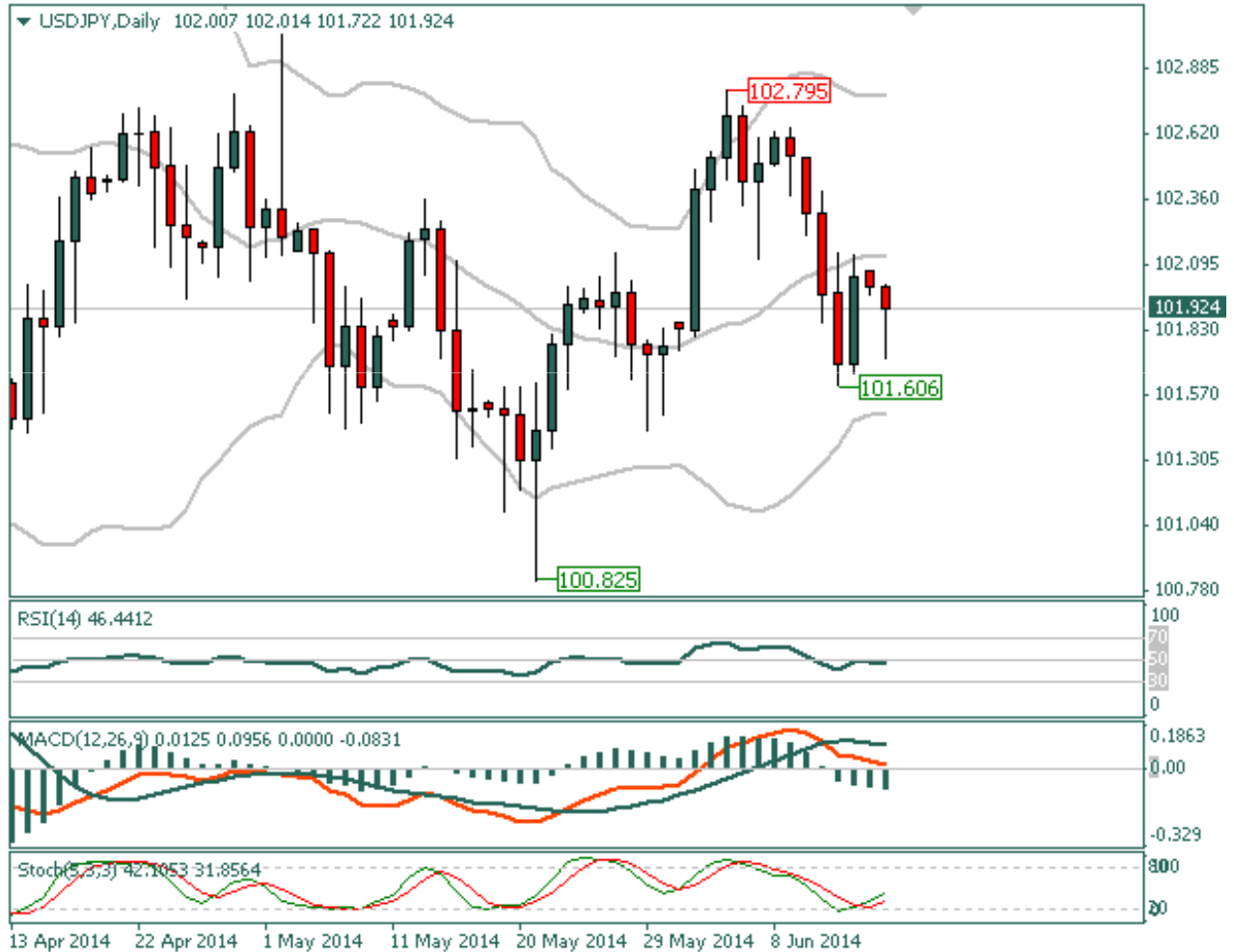
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## DAILY TECHNICAL

Support Levels	S1=101.606 S2=100.825
Resistance Levels	R1=102.795 R2=102.128 (MA(20))
<b>Daily Chart</b>	
RSI(14)	<b>Bearish</b>
MACD(12,26)	<b>Bearish</b>
STOCH(5,3,3)	<b>Bullish</b>
Buy: 1 / Sell: 2 / Neutral: 0	
<b>4 hour Chart</b>	
RSI(14)	<b>Bearish</b>
MACD(12,26)	<b>Bullish</b>
STOCH(5,3,3)	<b>Bearish</b>
Buy: 1 / Sell: 2 / Neutral: 0	
<b>Indicators Summary:</b> The Yen closed below the MA(20).	

## USD/JPY Currency 101.925

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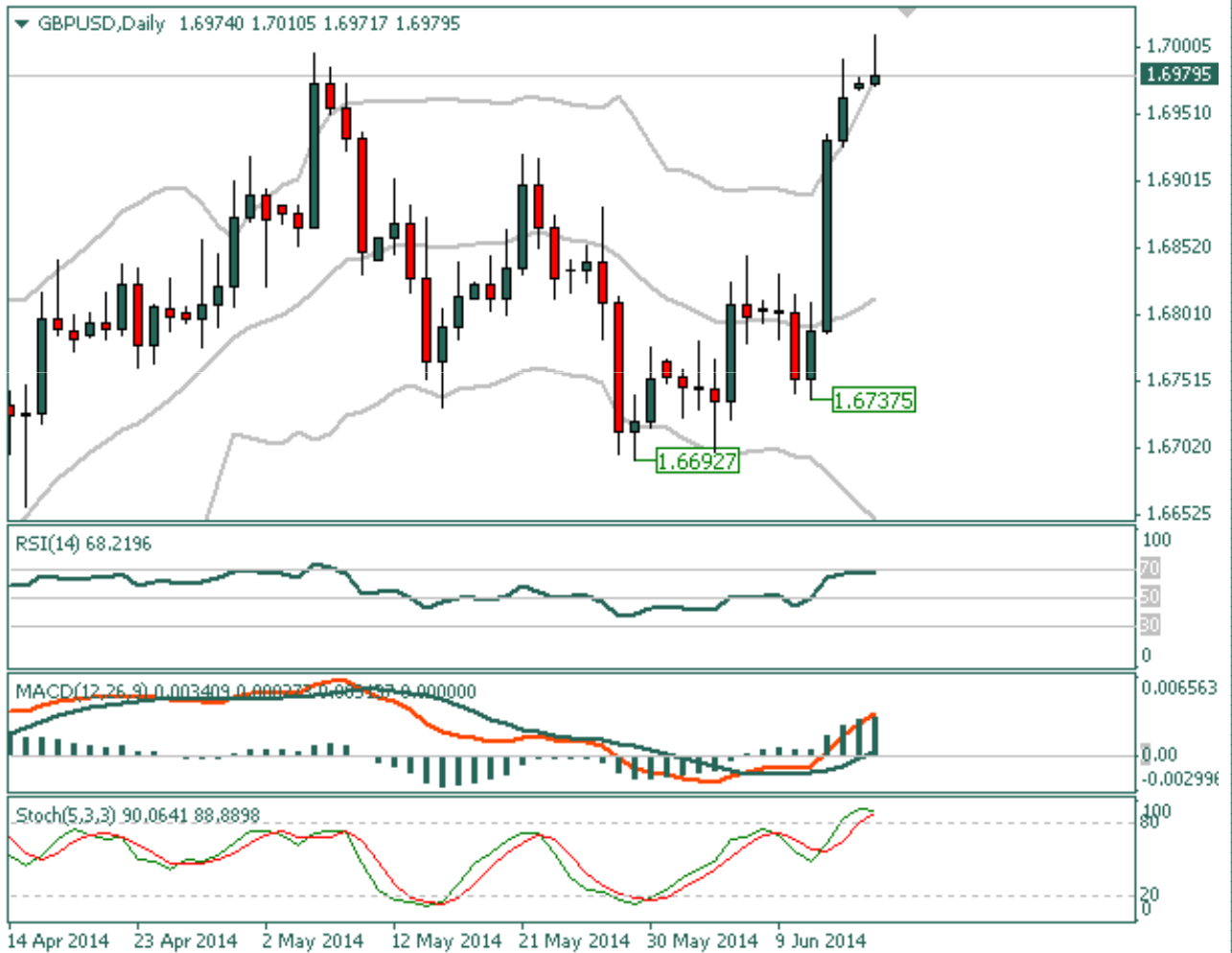
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## DAILY TECHNICAL

Support Levels	S1=1.67375 S2=1.66927
Resistance Levels	
<b>Daily Chart</b>	
RSI(14)	<b>Bullish</b>
MACD(12,26)	<b>Bullish</b>
STOCH5,3,3)	<b>Bullish</b>
Buy: 3 / Sell: 0 / Neutral: 0	
<b>4 hour Chart</b>	
RSI(14)	<b>Bullish (overbought)</b>
MACD(12,26)	<b>Bullish (overbought)</b>
STOCH5,3,3)	<b>Neutral</b>
Buy: 2 / Sell: 0 / Neutral: 1	
<b>Indicators Summary:</b> The pair has tested the previous resistance level.	

## GBP/USD Currency 1.69795

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## DAILY TECHNICAL

Support Levels	S1=1,240.800
Resistance Levels	R1= 1,309.254

### Daily Chart

RSI(14)	Bullish
MACD(12,26)	Bullish
STOCH5,3,3)	Neutral (overbought)
Buy: 2 / Sell: 0 / Neutral: 1	

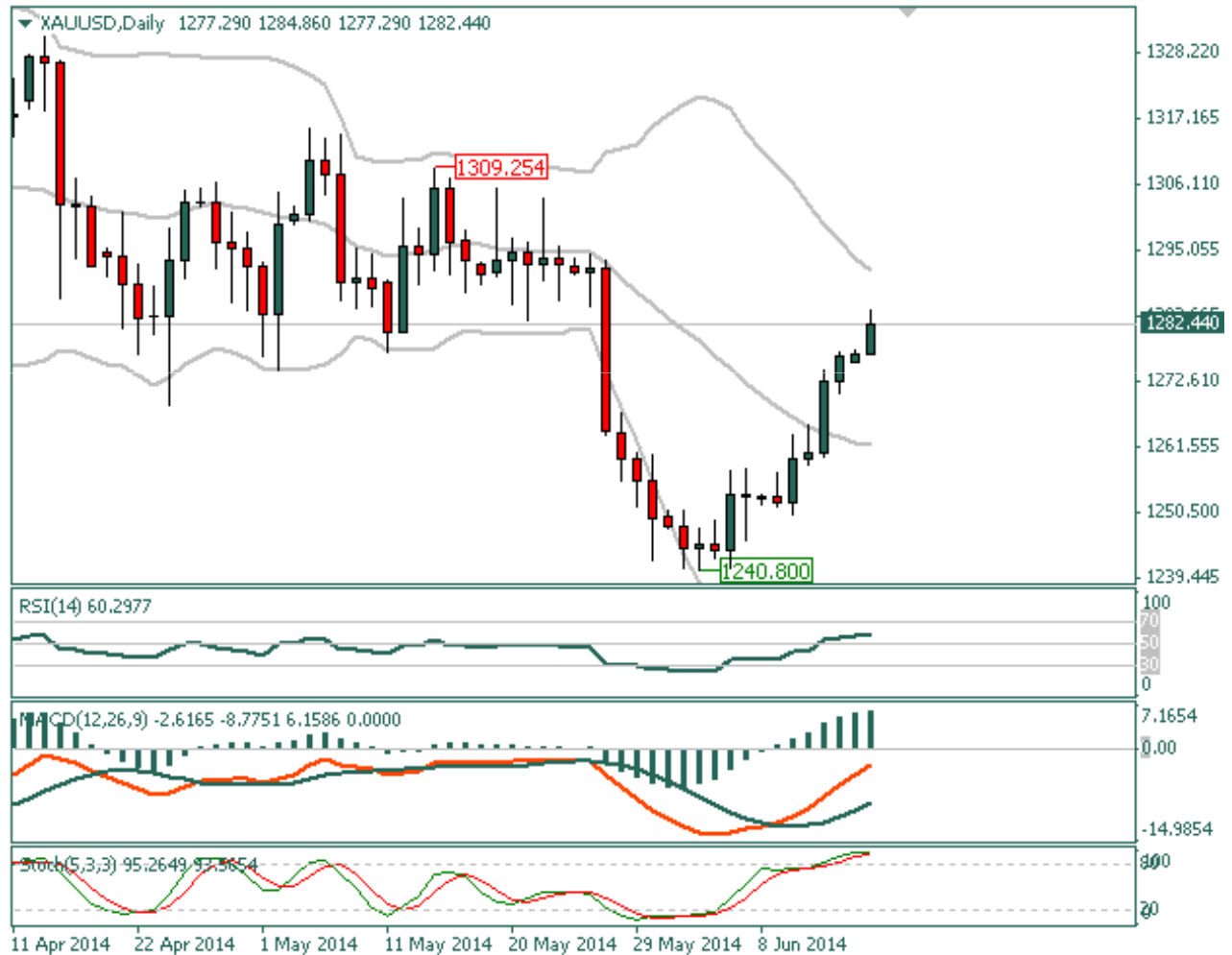
### 4 hour Chart

RSI(14)	Bullish (overbought)
MACD(12,26)	Bullish (overbought)
STOCH5,3,3)	Neutral
Buy: 2 / Sell: 0 / Neutral: 1	

**Indicators Summary:** The Gold goes up for the last 7 consecutives sessions.

## XAU/USD Currency 1,282.440

Monday, June 16, 2014



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