

## Summary

- **G10: GBP and EUR conviction remains high.**
- **CEEMEA: Lower EURHUF conviction.**
- **ASIA: Slight pressure on the USD as CNY fixes lower**

## **G10**

### **EURUSD**

#### **Conviction – Lower 3/5**

With little changed in terms of information and the U.S. slowly returning from a holiday weekend EURUSD remains in a well confined range. As realised vols drift lower every 10 pip move feels like a 50bp move. With that in mind a break of 1.3620 could trigger some micro term short covering in EURUSD but I remain convinced a short conviction offers good value as long as we remain below 1.3680/1.3710. Comments from both the ECB and FED are likely to be balanced today, as Linde's dovish bias will be expected while Lacker's hawkish stance will be negated by Kocherlkota's dovish stance.

**Resistance: 1.3610, 1.3680**

**Support: 1.3540, 1.3500**

### **USDJPY**

#### **Conviction – Higher 2/5**

The tip over in yields toward 2.60 yesterday didn't do the conviction any favours. We still maintain the view once above 101.10. Very light on the data front today although we have a couple of fed speakers later. Don't expect it to be market moving ahead of the minutes tomorrow evening. Flow wise we have seen better buying interest on this dip.

**Resistance: 102.25, 102.50**

**Support: 101.40, 101.10**

### **GBP**

#### **Conviction – Higher 4/5**

A bit of a clear out in GBPJPY longs yesterday as the pound was put under pressure with EURGBP buying from the corporate community, with very little else happening in the market. At these levels I see good opportunity for GBPJPY to move higher, watching 174.20 and 173.80 as firm support. Production numbers at 9.30; we expect the firm data prints of late to continue.

**Resistance: 1.7160 1.7200                      0.7950 0.7980**

**Support: 1.7070 1.7040                      0.7885, 0.7850**

### **AUD / NZD**

#### **Conviction – NZDUSD lower 3/5, AUDUSD lower 2/5**

AUD and NZD have both squeezed marginally higher as the hunt for yields continues to add a supporting hand to the antipodeans. From here I continue to hold a medium term short conviction in NZD and AUD but for very different reasons. A track higher in US yields will eventually force an unwind of low conviction NZD longs while AUD is likely to suffer from a fall off in foreign investment in LNG projects later in the year. In the mean time ranges should be well confined.

**Resistance: 0.9420/30, 0.9480**

**Support: 0.9330, 0.9280**

**Resistance: 0.8780**

**Support: 0.8710, 0.8640, 0.8600**

### **USDCAD**

#### **Conviction – Higher 2/5**

We used the dip below 1.0650 to build a conviction for a higher pair in the medium term

believing the stronger US data is likely to trigger a slow grind higher for the USD. A break below 1.0600 would see us re-assess, with the first support level now being at 1.0640/50. Strong Canadian building permits yesterday had little impact with the data series being very choppy; the catalysts for the pair this week should be FOMC minutes tomorrow and Canadian unemployment on Friday.

**Resistance: 1.0720, 1.0750**

**Support: 1.0640/50, 1.0600**

### **SKANDIES**

#### **Conviction – Flat**

It looks like EURNOK may have put a top in following the failure to rally on a strong IP print from Norway yesterday. Market expected to range trade ahead of the all important CPI data from the region on Thursday.

**Resistance: 8.4500, 8.5500      9.3400, 9.4000**

**Support: 8.3800, 8.3500      9.2800, 9.2500**