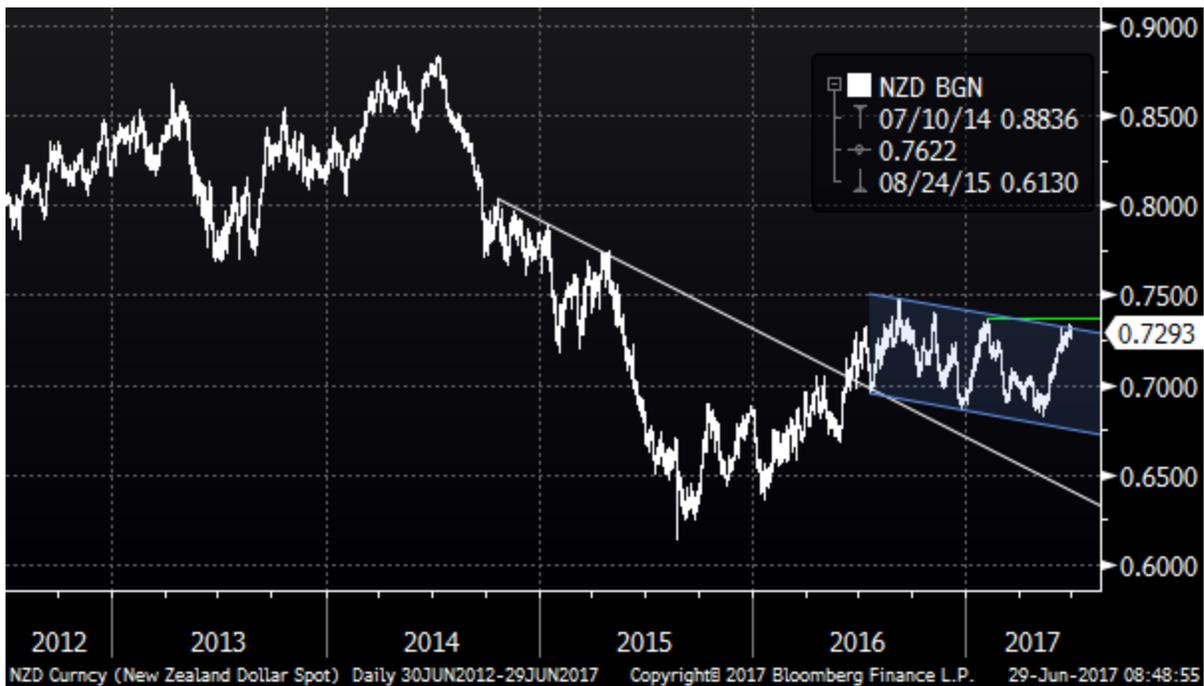


**View (AUD,NZD,EUR,CAD) and order update (rolling up EUR/NZD stop loss)**

Looking at AUD/USD chart, it is testing a major resistance area; if it were to break it would appear to have put in a major long term bottom and appear more bullish. This places a lot of interest in the RBA policy meeting next week, even the slightest hint that they are following the lead of other central banks, and sounds more hawkish/less dovish could trigger a break and drag in wider interest.



In this scenario, NZD would probably follow as any less dovish shift for Australia would pressure the RBNZ to follow, and the market would be on alert for this. The NZD chart is messier, but a rise above the high earlier this year would send a bullish signal (flag/break in a series of lower highs and lower lows).



This plays into our EUR/NZD position; we need to be wary that NZD rises more than EUR, at least for a time. EUR/NZD is approaching resistance 1.5712 & 1.5737

61.8% 1.5855

50.0% 1.5737

38.2% 1.5619



Fundamentally, I see NZD more vulnerable to rising global yields than EUR, as such the upswing in global yields may still see upside for EUR/NZD. Eurozone data was strong today (EC survey data, German inflation, Spanish inflation) French Consumer confidence was strong on Wednesday. Although NZ data was strong too (ANZ business survey).

As such, I am not inclined to rush out of the long EUR/NZD trade, but am rolling stop losses up to lock in gains.

EUR is approaching key resistance levels. There are a series of highs over the last few years since the ECB implemented QE in Jan-2015. EUR is amongst those now. A key level, matching several of these highs is around 1.1470. This also intersects with a line that joins the two highs since this period. The market is starting to think about the EUR in a more bullish frame, shifting above the range that has defined its trading since QE, a move through these levels will bring people to start thinking it might be moving to inhabit levels between 1.15/1.25.



A cross trade that I am thinking about is AUD/CAD. Canada has now priced in 70% chance of a hike in July. This seems like a lot. Australia still has little priced in for some time. Iron ore prices have rebounded. This may be a good way to play risk of a reaction to the RBA meeting. However, I need to analyze more the odds of rate moves in Canada and Australia. AUD/CAD is around low side of its recent range.



## Positions

Long half unit EUR/USD at 1.1208; s/l 1.1348

Long half unit EUR/NZD at 1.5474; s/l 1,5593

Long half unit EUR/NZD at 1.5549; s/l 1.5533

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## Disclosure and Certification

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