

UK, US DATA IN THE SPOTLIGHT ON TUESDAY

Economic data is in the spotlight on Tuesday, although other factors will also impact the financial markets. A high-stakes summit between US President Donald Trump and North Korea's Kim John-un will also influence investor sentiment as both sides negotiate nuclear disarmament on the Korean peninsula.

The UK Office for National Statistics will kickoff an active release schedule at 08:30 GMT by unveiling the latest employment numbers. UK unemployment levels likely rose by 11,300 for May. Unemployment in the three months through April is forecast to hold steady at 4.2%. Meanwhile, average hourly earnings including bonuses likely rose .26% annually in the February-March period.

Shifting gears to the Eurozone, the ZEW institute will report on German investor sentiment at 09:00 GMT. ZEW will also release a separate euro-wide study reflecting economic sentiment for the month of June.

North America's release schedule will be headlined by the US Labor Department's monthly consumer inflation index. The consumer price index (CPI) is forecast to rise to 2.8% in the 12 months through May, placing more pressure on the Federal Reserve to continue normalizing monetary policy.

Commodity traders will also be keeping an eye out for weekly crude inventory data courtesy of the American Petroleum Institute (API). The API numbers usually provide a decent barometer for the official inventory data due the following morning.

In terms of geopolitics, US President Donald Trump greeted North Korea's Kim Jong-un in Singapore on Tuesday for the start of bilateral talks. Both leaders shook hands at the summit, a landmark moment in what is expected to be a long and uncertain journey.

Tuesday will also see the start of the Federal Reserve's two-day policy meeting in Washington. Fed officials are widely expected to vote in favor of raising the benchmark interest rate on Wednesday.

EUR/USD

Europe's common currency started the week on the back foot as the dollar gained ground on a basket of currencies. The EUR/USD exchange rate has run into fierce resistance near the 1.1820 handle, as demonstrated by the double-top formation around that level. The bulls need to penetrate this handle to keep upside momentum alive.



GBP/USD

Cable resumed its downward correction on Monday, as prices continued to backtrack from last week's swing high. GBP/USD fell another 0.2% at the start of Tuesday trading, with prices hovering at 1.3358. The pair faces strong resistance near 1.3470, which corresponds with the 7 June high.



USD/CAD

The USD/CAD exchange rate successfully breached the 1.3000 level on Monday, as trade tensions continued to weigh on the loonie. The pair is currently trading just a few pips shy of the psychological 1.3000 handle with prices poised to rise further should the Fed strike a hawkish tone.

