

DAILY MARKET COMMENTARY

9 April 2009

Thursday

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Fundamental Outlook at 1400 GMT (EDT + 0400)

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The euro came off vis-à-vis the U.S. dollar today as the single currency tested bids around the US\$ 1.3125 level and was capped around the US\$ 1.3335 level. Traders continued to sell the common currency ahead of the long Easter holiday weekend. European Central Bank member Provopoulos reported “It will take time for these unprecedented fiscal and monetary interventions to have a positive effect.” Regarding the possibility the ECB will undertake “unconventional” policy options, he added “The ECB’s interventions with respect to the non-conventional measures are decided each time after careful evaluation under prevailing circumstances. The assessment of the type and scale of such interventions is based on the basic criterion of whether the benefits will reach the end-user, in other words households and businesses.” ECB President Trichet reported “one can imagine further interest rate cuts.” Data released today saw German industrial production off 2.9% in February and off 20.6% y/y. Also, German final March consumer price inflation was off 0.1% m/m and up 0.5% y/y. The ECB’s monthly bulletin reported “There may be stronger than anticipated positive effects due to the decrease in commodity prices and to policy measures taken. There are concerns that the turmoil in financial markets could have a stronger impact on the real economy, as well as that protectionist pressures could intensify and that there could be adverse developments in the world economy stemming from a disorderly correction of global imbalances.” **In U.S. news**, weekly initial jobless claims were off 20,000 to 654,000 while continuing jobless claims were up 95,000 to 5.84 million. It was also reported that February import prices were up 0.5% m/m and off 14.9% y/y, the largest annualized decline since 1982. Additionally, the February trade gap fell more than expected, printing at –US\$ 25.97 billion from January’s print of –US\$ 36.20 billion. Traders are expressing some optimism with the current round of corporate Q1 earnings including Wells Fargo’s US\$ 3 billion profit in Q1. Euro bids are cited around the US\$ 1.3100 figure.

¥/ CNY

The yen depreciated vis-à-vis the U.S. dollar today as the greenback tested offers around the ¥100.55 level and was supported around the ¥99.65 level. Data released in Japan overnight saw February core machinery orders unexpectedly climb +1.4% m/m, the first improvement in five months. Also, March machine tool orders were up +7.7% m/m and off a staggering 84.5% y/y. The Nikkei 225 stock index climbed 3.74% to close at ¥8,916.06. U.S. dollar offers are cited around the ¥104.15 level. **The euro moved lower** vis-à-vis the yen as the single currency tested bids around the ¥131.85 level and was capped around the ¥133.50 level. **The British pound moved higher** vis-à-vis the yen as sterling tested offers around the ¥148.00 figure while **the Swiss franc moved lower** vis-à-vis the yen and tested bids around the ¥86.55 level. **The Chinese yuan depreciated** vis-à-vis the U.S. dollar today as the greenback closed at CNY 6.8340 in the over-the-counter market, up from CNY 6.8320.

£

The British pound came off vis-à-vis the U.S. dollar today as cable tested bids around the US\$ 1.4585 level and was capped around the \$1.4780 level. Bank of England's Monetary Policy Committee kept its main Bank rate unchanged at 0.5% today and agreed to keep injecting £75 billion in new liquidity into the economy. This represented the first time in seven months the MPC did not change policy. The Bank is expected to continue purchasing assets for the next two months. Data released in the U.K. today saw March output producer prices climb 0.1% m/m and 2.0% y/y, the weakest rise since July 2007. Core output prices were up 0.2% m/m and 3.3% y/y and input prices were up 1.0% m/m. It was also reported that the February trade balance printed at -£7.3 billion. Cable bids are cited around the US\$ 1.4515 level. **The euro came off** vis-à-vis the British pound as the single currency tested offers around the £0.8960 level and was capped around the £0.9085 level.

Technical Outlook at 1230 GMT (EDT + 0400)

	(Bid Price)	(Today's Intraday Range)
EUR/ USD	1.3157	1.3335, 1.3125
USD/ JPY	100.51	100.56, 99.63
GBP/ USD	1.4676	1.4778, 1.4585
USD/ CHF	1.1564	1.1603, 1.1426
AUD/ USD	0.7189	0.7201, 0.7049
USD/CAD	1.2255	1.2399, 1.2210
NZD/USD	0.5832	0.5844, 0.5766
EUR/ JPY	132.24	133.52, 131.87
EUR/ GBP	0.8965	0.9087, 0.8961

GBP/ JPY	147.49	147.99, 146.26
CHF/ JPY	86.89	87.63, 86.57

	Support	Resistance	Support	Resistance
	EUR/ USD		USD/ JPY	
L1.	1.2465	1.3205	87.05	92.70
L2.	1.2350	1.3315	86.00	96.05
L3.	1.2130	1.3595	84.50	98.90
	GBP/ USD		USD/ CHF	
L1.	1.4070	1.4615	1.1400	1.1815
L2.	1.3500	1.4890	1.1205	1.2250
L3.	1.3290	1.5340	1.0880	1.2430
	AUD/ USD		USD/ CAD	
L1.	0.6305	0.6780	1.2030	1.2615
L2.	0.6015	0.6965	1.1805	1.2785
L3.	0.5535	0.7260	1.1445	1.3375
	NZD/ USD		EUR/ JPY	
L1.	0.4975	0.5545	111.25	122.45
L2.	0.4620	0.5730	105.30	131.10
L3.	0.4380	0.6055	93.10	140.60
	EUR/ GBP		EUR/ CHF	
L1.	0.8745	0.9805	1.4590	1.5260
L2.	0.8495	1.0140	1.4300	1.5560
L3.	0.8185	1.0310	1.4110	1.5855
	GBP/ JPY		CHF/ JPY	
L1.	125.30	134.40	76.30	81.75
L2.	119.45	137.15	73.20	84.00
L3.	115.20	141.80	70.80	87.30

SCHEDULE

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all times GMT

(last release in parentheses)

N/A	NZ	March PMI (38.6)
N/A	NZ	March REINZ house sales (-17.7%)
0100	Australia	April consumer inflation expectations (2.2%)
0130	Australia	March employment change (1,800)
0130	Australia	March unemployment rate (5.2%)
0545	CH	March unemployment rate (3.4% m/m)
0545	CH	March unemployment rate (3.1% y/y)
0600	Germany	March consumer price index (0.6% m/m)
0600	Germany	March consumer price index (1.0% y/y)
0800	Italy	February industrial orders
0800	Italy	February industrial production
0830	UK	March PPI, input (0.6% m/m)
0830	UK	March PPI, input (0.5% y/y)
0830	UK	March PPI, output (0.1% m/m)
0830	UK	March PPI, output (3.1% y/y)
0830	UK	March PPI, output core (0.0% m/m)
0830	UK	March PPI, output core (3.7% y/y)
1000	Germany	February industrial production (-7.5% m/m)
1000	Germany	February industrial production (-19.3% y/y)
1100	Canada	March unemployment rate (7.7%)
1100	Canada	March employment, net change (-82,600)
1100	UK	Bank of England interest rate decision
1230	US	February trade balance (-US\$ 36.0 billion)
1230	US	March import price index (-0.20% m/m)
1230	US	March import price index (-12.80% y/y)
1230	US	Weekly initial jobless claims
1230	US	Continuing jobless claims
1230	Canada	February international merchandise trade (-C\$ 1.0 billion)
1230	Canada	February new housing price index (-0.6% m/m)
2350	Japan	Bank of Japan Policy Board meeting minutes
2350	Japan	March bank lending (4.4% y/y)
2350	Japan	March M2+CFD money supply (2.1% y/y)

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(last release in parentheses)

N/A	Germany	March wholesale price index (-0.1% m/m)
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N/A	Germany	March wholesale price index (-5.7% y/y)
0645	France	March consumer price index (0.4% m/m)
0645	France	March consumer price index (0.9% y/y)
0650	France	February industrial production (-3.1% m/m)
0650	France	February industrial production (-13.8% y/y)
0650	France	February manufacturing production (-4.1% m/m)
0650	France	February manufacturing production (-16.5% y/y)

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