

DAILY MARKET COMMENTARY

18 June 2009

Thursday

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Fundamental Outlook at 1400 GMT (EDT + 0400)

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The euro lost ground-à-vis the U.S. dollar today as the single currency tested bids around the US\$ 1.3870 level and was capped around the \$1.4000 figure. Traders were unable to push the common currency above the psychologically-important US\$ 1.4000 figure despite gains in U.S. equities markets and crude oil prices. Many data were released in the U.S. today. First, weekly initial jobless claims climbed 3,000 to 608,000 from a revised 605,000 while continuing jobless claims printed at 6.687 million from a revised 6.835 million the prior week. The modest improvement in continuing claims and small rise in initial claims could be a positive for the troubled U.S. employment sector. Second, the May index of leading indicators climbed 1.2%, above expectations. Third, the June Philadelphia Fed index of manufacturing activity improved more than expected to -2.2 from -22.6 in May. Traders are still talking about the government's plan to enact major changes at the Federal Reserve, including adding the mandate to become a prudential systemic risk regulator and reducing or taking away its consumer finance mandate. **In eurozone news**, the German Chancellor Merkel pledged support for new rules on financial markets supervision and said they must be "common and binding." The German government reported it plans to issue €310 billion in new debt through 2013. Euro bids are cited around the US\$ 1.3435 level.

¥/ CNY

The yen depreciated vis-à-vis the U.S. dollar today as the greenback tested offers around the ¥96.70 level and was supported around the ¥95.60 level. Bank of Japan and the Japanese government upgraded their assessments of the Japanese economy, lending credence to economists' view the economy may have already bottomed out. There are tentative signs that industrial production and the export sector are improving. The central bank is expected to keep its overnight call rate target unchanged at 0.10% for the foreseeable future. The Nikkei 225 stock index lost 1.39% to close at ¥9,703.72. U.S. dollar offers are cited around the ¥104.15 level. **The euro moved higher** vis-à-vis the yen as the single currency tested offers

around the ¥135.00 figure and was supported around the ¥133.00 figure. **The British pound moved higher** vis-à-vis the yen as sterling tested offers around the ¥158.45 level while **the Swiss franc moved higher** vis-à-vis the yen and tested offers around the ¥89.35 level. **In Chinese news**, the U.S. dollar weakened vis-à-vis the Chinese yuan as the greenback closed at CNY 6.8337 in the over-the-counter market, down from CNY 6.8360.

£

The British pound weakened vis-à-vis the U.S. dollar today as cable tested bids around the US\$ 1.6185 level and was capped around the \$1.6470 level. Data released in the U.K. today saw CML May gross mortgage lending decline to £10.3 billion. Also, May retail sales were off 0.6% m/m and 1.6% y/y, a stark contrast with April's 0.9% m/m and 2.6% y/y increases. Third, May public sector borrowing reached a record net £19.9 billion. Fourth, the May CBI industrial trends survey rallied to -51 from -56. Cable bids are cited around the US\$ 1.6110 level. **The euro moved higher** vis-à-vis the British pound as the single currency tested offers around the £0.8605 level and was supported around the £0.8490 level.

Technical Outlook at 1230 GMT (EDT + 0400)

	(Bid Price)	(Today's Intraday Range)
EUR/ USD	1.3969	1.4000, 1.3906
USD/ JPY	96.33	96.40, 95.62
GBP/ USD	1.6380	1.6468, 1.6187
USD/ CHF	1.0830	1.0850, 1.0760
AUD/ USD	0.8034	0.8047, 0.7911
USD/CAD	1.1281	1.1363, 1.1232
NZD/USD	0.6426	0.6441, 0.6291
EUR/ JPY	134.56	134.74, 133.02
EUR/ GBP	0.8527	0.8604, 0.8489
GBP/ JPY	157.78	158.07, 154.95
CHF/ JPY	88.92	89.33, 88.38

	Support	Resistance	Support	Resistance
	EUR/ USD		USD/ JPY	
L1.	1.3915	1.4295	94.25	98.85
L2.	1.3720	1.4630	91.90	101.65
L3.	1.3400	1.5105	90.05	105.05
	GBP/ USD		USD/ CHF	
L1.	1.6000	1.6740	1.0510	1.0980
L2.	1.5690	1.6830	1.0275	1.1270
L3.	1.5440	1.7470	0.9750	1.1555
	AUD/ USD		USD/ CAD	
L1.	0.7715	0.8250	1.0725	1.1175
L2.	0.7440	0.8555	1.0580	1.1315
L3.	0.7165	0.9050	1.0305	1.1430
	NZD/ USD		EUR/ JPY	
L1.	0.6305	0.6665	131.30	141.50
L2.	0.6020	0.6945	127.65	146.80
L3.	0.5655	0.7760	121.70	150.60
	EUR/ GBP		EUR/ CHF	
L1.	0.8320	0.8770	1.4905	1.5380
L2.	0.7870	0.9080	1.4670	1.5580
L3.	0.7590	0.9355	1.4420	1.5880
	GBP/ JPY		CHF/ JPY	
L1.	152.60	167.30	87.55	93.55
L2.	148.55	172.10	85.70	97.90
L3.	142.05	178.75	82.90	105.05

SCHEDULE

Wednesday, 17 June 2009

all times GMT

(last release in parentheses)

0030	Australia	April Westpac leading index (0.30% m/m)
0130	Australia	Q1 dwelling starts (-9.90%)
0500	Japan	Bank of Japan monthly report
0545	CH	June SECO economic forecasts
0600	Japan	May machine tool orders
0715	CH	April retail sales (1.20% y/y)
0830	UK	Bank of England MPC meeting minutes
0830	UK	May claimant count rate (4.7%)
0830	UK	May jobless claims change (57,100)
0830	UK	April average earnings
0830	UK	April ILO unemployment rate (7.1%)
0900	Eurozone	April trade balance (€400 million)
0900	Eurozone	April construction output
0900	CH	June ZEW survey, expectations (-3.9)
1100	US	MBA mortgage applications
1230	US	May consumer price index (0.0% m/m)
1230	US	May consumer price index (-0.7% y/y)
1230	US	May CPI, ex-food and energy (0.3% m/m)
1230	US	May CPI, ex-food and energy (1.9% y/y)
1230	US	Q1 current account balance (-US\$ 132.6 billion)
1230	Canada	May leading indicators (-1.1% m/m)
1230	Canada	April wholesale sales (-0.6% m/m)
1600	US	Federal Reserve Chairman Bernanke speaks

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(last release in parentheses)

0730	CH	Swiss National Bank interest rate decision
0800	Italy	April trade balance
0830	UK	May retail sales (0.9% m/m)
0830	UK	May retail sales (2.6% y/y)
0830	UK	May public sector net cash requirement (£5.2 billion)
0830	UK	May public sector net borrowing (£8.5 billion)
0830	UK	May M4 money supply
1100	Canada	May consumer price index (-0.1% m/m)

1100	Canada	May consumer price index (0.4% y/y)
1100	Canada	May Bank of Canada consumer price index, core (0.1% m/m)
1100	Canada	May Bank of Canada consumer price index, core (1.8% y/y)
1230	US	Weekly initial jobless claims (601,000)
1230	US	Continuing jobless claims
1400	US	May leading indicators (1.0%)
1400	US	June Philadelphia Fed manufacturing index (-22.6)
2350	Japan	Bank of Japan Monetary Policy meeting minutes

Friday, 19 June 2009

all times GMT

(last release in parentheses)

0600	Germany	May producer prices (-1.4% m/m)
0600	Germany	May producer prices (-2.7% y/y)
0645	France	Q1 wages
0800	Italy	Q1 unemployment rate
1230	Canada	April retail sales (0.3% m/m)
1230	Canada	April retail sales, ex-autos (-0.2% m/m)

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