

DAILY MARKET COMMENTARY

29 July 2009

Wednesday

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Fundamental Outlook at 1400 GMT (EDT + 0400)

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The euro depreciated modestly vis-à-vis the U.S. dollar today as the single currency tested bids around the US\$ 1.4015 level and was capped around the \$1.4195 level. Data released in the U.S. today saw June durable goods orders decline 2.5%, a sharp swing downward from the +1.8% prior release and the expected -0.6% print. The ex-transportation component, in contrast, notched growth of 1.1%, up from the revised 0.8% print in May and above the 0.0% forecast. Additionally, MBA mortgage applications were off 6.3% last week, down from the +2.8% print the prior week. Traders await the Federal Reserve's July Beige Book later in the North American session for any clues about how the Fed will unwind its massive monetary stimuli. **In eurozone news**, the European Central Bank's quarterly lending survey reported banks continued to tighten credit conditions in the second quarter, albeit at a lesser rate than in previous quarters. German provisional July consumer price inflation data were released that indicated many German states saw negative inflation growth in July. This will likely prod the ECB into continuing its generous liquidity provision for the next couple of quarters. Specifically, it was reported CPI was likely to have fallen year-over-year for the first time in more than twenty years. Euro bids are cited around the US\$ 1.3900 figure.

¥/ CNY

The yen depreciated vis-à-vis the U.S. dollar today as the greenback tested offers around the ¥95.10 level and was supported around the ¥94.00 figure. Data released in Japan today saw June retail sales off 3% y/y. There is significant talk that Japanese investors will be repatriating proceeds from Eurobond redemptions and this is weighing heavily on some of the crosses. Data released in Japan today saw June retail sales decline 3% y/y. Most traders believe Bank of Japan will begin to gradually unwind its considerable monetary stimuli by the end of the year when some of its emergency lending and liquidity provision programs begin to mature. The Nikkei 225 stock index climbed 0.26% to close at ¥10,113.24. 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 ¥132.75 level and was capped around the ¥134.40 level. **The British pound moved higher** vis-à-vis the yen as sterling tested offers around the ¥156.30 level while **the Swiss franc moved lower** vis-à-vis the yen and tested bids around the ¥87.10 level. **In Chinese news**, the U.S. dollar lost ground vis-à-vis the Chinese yuan as the greenback closed at CNY 6.8285 in the over-the-counter market, down from CNY 6.8315.

Technical Outlook at 1230 GMT (EDT + 0400)

	(Bid Price)	(Today's Intraday Range)
EUR/ USD	1.4096	1.4195, 1.4076
USD/ JPY	94.98	95.11, 94.00
GBP/ USD	1.6444	1.6468, 1.6346
USD/ CHF	1.0808	1.0832, 1.0730
AUD/USD	0.8204	0.8278, 0.8166
USD/CAD	1.0833	1.0892, 1.0790
NZD/USD	0.6580	0.6588, 0.6527
EUR/ JPY	133.86	134.39, 132.76
EUR/ GBP	0.8570	0.8652, 0.8563
GBP/ JPY	156.20	156.32, 153.84
CHF/ JPY	87.84	88.18, 87.21

	Support	Resistance	Support	Resistance
	EUR/ USD		USD/ JPY	
L1.	1.3780	1.4295	90.05	98.85
L2.	1.3605	1.4630	88.60	101.65
L3.	1.3400	1.5105	87.10	105.05
	GBP/ USD		USD/ CHF	
L1.	1.5845	1.6495	1.0510	1.1165
L2.	1.5690	1.6740	1.0275	1.1270
L3.	1.5440	1.6830	0.9750	1.1555
	AUD/ USD		USD/ CAD	
L1.	0.7715	0.8250	1.1340	1.1920

L2.	0.7440	0.8555	1.1130	1.2190
L3.	0.7165	0.9050	1.0725	1.2520

NZD/ USD

EUR/ JPY

L1.	0.6190	0.6665	125.65	134.50
L2.	0.6020	0.6945	121.70	139.80
L3.	0.5655	0.7760	118.50	141.50

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.	146.10	157.75	81.55	93.55
L2.	142.05	160.30	79.20	97.90
L3.	135.70	167.30	75.40	105.05

SCHEDULE

Wednesday, 29 July 2009
all times GMT
(last release in parentheses)

N/A	NZ	July NBNZ business confidence (5.5)
N/A	Germany	July consumer price index (0.4% m/m)
N/A	Germany	July consumer price index (0.1% y/y)
N/A	Germany	July CPI, harmonized (0.4% m/m)
N/A	Germany	July CPI, harmonized (0.0% y/y)
0500	Japan	July small business confidence (38)
0645	France	June producer prices (-0.3% m/m)
0645	France	June producer prices (-7.8% y/y)

0730	Italy	July business confidence (69.3)
0830	UK	June mortgage approvals (43,400)
0830	UK	June net consumer credit (£300 million)
0830	UK	June net lending secured on dwellings (£300 million)
0830	UK	June M4 money supply (14.2%)
1100	US	MBA mortgage applications (2.8%)
1230	US	June durable goods orders (1.8%0
1230	US	June durable goods, ex-transportation (1.1%)
1800	US	Federal Reserve Beige Book
2100	NZ	Reserve Bank of New Zealand interest rate decision
2350	Japan	June industrial production (5.7% m/m)
2350	Japan	June industrial production (-29.5% y/y)

Thursday, 30 July 2009

all times GMT

(last release in parentheses)

0100	Australia	June HIA new home sales (-5.7% m/m)
0130	Australia	June building approvals (-12.5% m/m)
0130	Australia	June building approvals (-22.4% y/y)
0130	Japan	Bank of Japan Policy Board member Noda speaks
0300	NZ	June M3 money supply (5.6% y/y)
0755	Germany	July unemployment change (31,000)
0755	Germany	July unemployment rate (8.3%)
0800	Italy	June hourly wages (0.0% m/m)
0800	Italy	June hourly wages (3.0% y/y)
0800	France	July PMI, retail (49.4)
0800	Germany	July PMI, retail (46)
0800	Eurozone	July PMI, retail (47.5)
0900	Eurozone	July economic confidence (73.3)
0900	Eurozone	July business climate indicator (-2.97)
0900	Eurozone	July consumer confidence (-25)
0900	Eurozone	July industrial confidence (-32)
0900	Eurozone	July services confidence (-20)
1230	US	Weekly initial jobless claims
1230	US	Continuing jobless claims
1230	Canada	June industrial product prices (-1.10% m/m)
1230	Canada	June raw materials price index (2.20% m/m)
2301	UK	July GfK consumer confidence (-25)
2330	Japan	June jobless rate (5.20%)
2330	Japan	June household spending (0.30% y/y)
2330	Japan	July Tokyo-area consumer price index (-1.50% y/y)
2330	Japan	July Tokyo-area CPI, ex-food, energy (-1.00% y/y)
2330	Japan	June national consumer price index (-1.10% y/y)
2330	Japan	June national CPI, ex-food, energy (-0.50% y/y)

Friday, 31 July 2009
all times GMT
(last release in parentheses)

0030	Australia	July TD Securities inflation (0.40% m/m)
0030	Australia	July TD Securities inflation (1.40% y/y)
0130	Australia	June private sector credit growth (-0.10% m/m)
0130	Australia	June private sector credit growth (3.90% y/y)
0315	Japan	July PMI, manufacturing (48.2)
0500	Japan	June housing starts (-30.80% y/y)
0500	Japan	June annualized housing starts (758,000)
0500	Japan	June construction orders (-41.90% y/y)
0900	Italy	June producer price index
0900	Eurozone	July consumer price index, estimate (-0.10% y/y)
0900	Eurozone	June unemployment rate (9.50%)
0930	CH	July KOF leading indicator (-1.65)
1230	US	Q2 gross domestic product, annualized (-5.50%)
1230	US	Q2 personal consumption expenditure, core (1.60% q/q)
1230	US	Q2 gross domestic product price index (2.80%)
1230	Canada	May gross domestic product (-0.10% m/m)
1345	US	July Chicago Purchasing Manager Index (39.9)

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