

**DIRECT LINKS:**

- ▶ [Forex Trading](#)
- ▶ [New To Forex](#)
- ▶ [Forex Quotes](#)
- ▶ [Charts](#)
- ▶ [White Labels](#)
- ▶ [Asset Managers](#)
- ▶ [Introducing Brokers](#)

## ECB and BoE rates decisions today, both seen unchanged

### News and Events:

The dollar rose against the yen for a second straight day on Thursday as traders took advantage of a rebound in US blue-chip stocks to adjust positions before Friday's closely-watched payrolls report. The Euro and Sterling traded higher even as the European Central Bank and the Bank of England left rates on hold at 4 percent and 5.75 percent, respectively.

Traders said the respite from the recent sharp swings in financial markets prompted a return to selling low-yielding currencies such as the yen and Swiss franc to buy higher-yielding but riskier assets. Traders said "The trade this week has been simple: if stocks rise, you short the yen, if they fall, you buy back yen; but the payrolls report today may break this pattern, making the Forex Market less dependent on stocks to assess risk." Yesterday, the Dollar was up 0.24% against the yen at 119.16, recovering from four-month 117.61 lows the previous day. The Euro also rose 0.54% to 163.31.

ECB President Jean-Claude Trichet said after the bank's policy meeting that "strong vigilance" was needed to stem inflation risks, signaling a possible September rate hike. The ECB's Trichet weighed in on the recent volatility in financial markets. He said the central bank was closely monitoring shifts in sentiment and the price movements that were part of a "normalization of pricing risk." Analysts said, his remarks on 'normalization of risk' implies that the current volatility will not affect the ECB's tightening campaign.

The EurUsd hit session highs yesterday around 1.3708 after Bundesbank President Axel Weber said fears of a German banking crisis were unfounded following problems at IKB. In a statement, Weber said problems at IKB, which specializes in lending to small- and mid-sized companies, were of an "institution-specific nature." IKB has become Europe's most high-profile casualty so far of the crisis in the US sub-prime mortgage market. Its problems have fueled concerns that other German banks might be in trouble. "Risk aversion is going to remain high. Because people have lost a lot of money and they're not going to put a lot of risk back into the market," said analyst.

UsdChf was little changed at 1.2034 after having touched 1.2085 high. Last week's sell-off in the stock market and a slide in corporate bond prices over the past few weeks caused hefty losses for some banks and hedge funds. For currency traders, this has sparked a reversal of risky carry trades where cheap borrowing in the yen is used to fund purchases of high-yielding currencies such as the Australian dollar. The unwinding of carry trades has come in fits and starts, reflecting the market's heightened nervousness about the extent of problems in the U.S. housing and credit sectors. Yesterday, the high-yielding New Zealand dollar was up 0.69% at 91.48 against the Yen, while the Australian dollar was up 0.84% at 102.23 against the Yen.



**Bullish Attitude**

**Performance**

**Security**

**Simplicity**

**Transparency**

**Free  
Practice  
Account**

**Trade  
Currencies Online  
With the Best  
Conditions**





### Today's Key Issues (time in GMT):

- 08.00 EUR** July Euro zone PMI Services final 58.1 vs 58.1
- 08.00 EUR** July Euro zone PMI Composite final 57.3 vs 57.3
- 09.00 EUR** June Euro Retail Sales +0.5% vs -0.5%
- 12.30 US** July Non-Farm Payrolls 160k vs 132k
- 12.30 US** July Unemployment Rate 4.5% vs 4.5%
- 14.00 US** July ISM Non-Manufacturing Index 59 vs 60.7

### The Risk Today:

**EurUsd** consolidated in recent markets low-high range 1.3610 – 1.3728. The break below 1.3750 from last week marks the initial resistance and put 1.3659 former resistances in sight. Initial minor support holds 1.3750 former support. Renewed uptrend may refocus the way upward 1.3925 and 1.3986 resistances.

**GbpUsd** also consolidated after touching 2.0182 Monday low. Sterling was little up yesterday at 2.0356 in recent trading range 2.0204 – 2.0378. Renewed weakness below 2.0200 will put 2.0100 support (former trend resistance) in sight. A break there will open the door back down to 2.0000 pivot point. Initial resistance holds 2.0378 Tuesday high before 2.0494 Friday high.

**UsdJpy** touched a new 3-months low at 117.61 on Wednesday before rebounding up to 119.38 yesterday. The risk of further downtrend remains; a clear break of 118.50 pivot point may accelerate the slide to 116.58. Minor resistance holds 120.78 pivot hit last week. Initial resistance holds 119.50 Tuesday high.

**UsdChf** tested 1.1980 low on Wednesday before rebounding up to 1.2085 yesterday. Pressure remains below 1.2082 (23.6% retracement of 1.2470 – 1.1962 decline). A break there will open the door for further advance toward 1.2217 (50% retracement). But renewed down trend, may shift on 1.1881 early December low and 1.1739 April 2005 trend supports.

## Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.4500 K	2.0660 S	119.36 T	1.2000 S
1.4333 S	2.0500 K	117.13 S	1.1923 S
1.4282 M	2.0465 S	116.39 M	1.1816 M
1.4180	2.0410	116.05	1.1740
1.4165 S	2.0363 S	113.39 S	1.1680 K
1.4000 S	2.0200 S	112.61 M	1.1500 P
1.3827 S	2.0000 P	111.60 T	1.1484 S
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

[unsubscribe](#)

## Quick access to our 5 previous newsletters:

- ▶ [Dollar rose as Dow Jones Industrial Index hit an all-time high](#)
- ▶ [Dollar fell to record lows against major currencies on Friday](#)
- ▶ [High-Yielders doing very well; US dollar index hits record low](#)
- ▶ [US Durable Goods Orders worse than expected; dollar unchanged](#)
- ▶ [Is Euro's rally against the Dollar close to an end ?](#)

*This e-mail is intended solely for the indicated recipient(s). It may contain privileged and/or confidential information. If you are not one of the intended recipients, please notify the sender immediately and destroy this e-mail; you must not copy, distribute or take any action in reliance on the information contained within. Whilst all efforts are made to safeguard inbound and outbound e-mails, ACM SA cannot guarantee that attachments are virus free or compatible with your software and declines any liability in respect to viruses or computer problems experienced. Any views expressed in this message are those of the individual sender, except where specifically stated to be the view of ACM SA, its subsidiaries or associates. Additionally ACM SA declines any liability connected with losses incurred on transactions based on any market information and/or opinions contained within this e-mail. This message has been checked for all known viruses by McAfee Virus scan.*