

DIRECT LINKS:

- ▶ Forex Trading
- ▶ New To Forex
- ▶ Forex Quotes
- ▶ Charts
- ▶ White Labels
- ▶ Asset Managers
- ▶ Introducing Brokers

Sterling fell after BoE signaled interest rate cut in the future

News and Events:

The Dollar slipped on Wednesday as worries about the struggling US housing sector and lingering credit problems weighed on sentiment, leaving the Dollar's long-term downtrend intact. Data showing US retail sales growth slowed slightly in October, in line with expectations, and flat Producer Prices sustained investors' decisions to keep pushing the Dollar toward record lows against the Euro. The EurUsd rose 0.32% to 1.4651, within sight of record highs of 1.4752 reached last week. UsdChf fell to the lowest level since April 1995, at 1.1176 before recovering to trade at 1.1232, still down 0.24% on the day.

Another prominent theme in the Forex Market was the rebound in investors' willingness to take bigger risks for a higher return. Earlier this week, nervousness about the difficult lending environment caused the Yen to surge across the board, rising to an 18-month high on Monday against the Dollar as investors unwound carry trades, in which a low-yielding currency such as the yen is borrowed to fund purchases of higher-yielding ones. But by Wednesday carry trades were being put back on. The EurJpy gained 0.33% to 163.04, pulling away from a two-month low of 158.70 hit on Tuesday. The UsdJpy was up 0.12% to 111.29, recovering from 18-month 109.13 low. The Australian dollar, often a target of carry traders because of its relatively high interest rate, ended the day little changed against the Dollar at 0.8962 -0.37%, well over a 23-year AudUsd high of 0.9400 reached last week. AudJpy rose 0.23% to 99.75, pulling back from Monday 95.63 low. GbpUsd fell 1.04% to 2.0528 after comments from Bank of England.

Sterling fell against the Euro after the Bank of England's Quarterly Inflation Report signaled that the benchmark interest rate would need to be cut in the future. The EurGbp climbed to a four-year high at 0.7145 and remained near that high at 0.7137. Global growth has held up fairly well outside the United States, but the report added to uncertainty about global economic growth in the wake of this summer's crisis from the US sub-prime mortgage market. A report on Wednesday showed euro zone economic growth rebounded more than expected in the third quarter, but economists expected a slowdown in the current quarter would keep the European Central Bank rates on hold.



Bullish Attitude

Performance

Security

Simplicity

Transparency

**Free
Practice
Account**

**Trade
Currencies Online
With the Best
Conditions**



Today's Key Issues (time in GMT):

09:30 GBP Retail Sales (MoM) OCT 0.10% vs. 0.60%

09:30 GBP Retail Sales (YoY) OCT 4.80% vs. 6.30%

10:00 EUR Euro Zone CPI (MoM) OCT 0.50% vs. 0.40%

10:00 EUR Euro-Zone CPI (YoY) OCT 2.60% vs. 2.60%

10:00 EUR Euro-Zone CPI - Core (YoY) OCT 1.90% vs. 1.80%

13:30 CAD Manufacturing Shipments MoM SEP -0.60% vs. -1.70%

13:30 USD Consumer Price Index (MoM) OCT 0.30% vs. 0.30%

13:30 USD CPI Ex Food & Energy (MoM) OCT 0.20% vs. 0.20%

13:30 USD Consumer Price Index (YoY) OCT 3.50% vs. 2.80%

13:30 USD CPI Ex Food & Energy (YoY) OCT 2.20% vs. 2.10%

13:30 USD CPI Core Index SA OCT

13:30 USD Consumer Price Index NSA OCT 208.9 vs. 208.49

13:30 USD Empire Manufacturing NOV 18.5 vs. 28.8

13:30 USD Initial Jobless Claims Nov-10 320K vs. 317K

13:30 USD Continuing Claims Nov-03 2565K vs. 2579K

17:00 USD Philadelphia Fed.

The Risk Today:

EURUSD is short term range trading between 1.4520 and 1.4750. Any break of these two levels will clarify the direction of the pair. On the downside, a break of 1.4500 will open the door down to 1.4360.

GBPUSD holds steady at the trend-line support of 2.0500. A move back above 2.0660 will keep us the bull trend. A close below 2.0452 (below the 62-day Exponential Moving Average) will definitely put 2.0275 as the next target down.

USDJPY still bearish and it approaches 109.60 again and could move lower. The pair is bearish in the medium-term as long as it remains below 111.60 and doesn't break above 114.00.

USDCHF target is 1.1100, the low of April 19, 1995, the next support below 1.1290. On the upside, 1.1318 serves as the initial resistance, without much before 1.1630.

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.5000 K	2.1355 K	117.63 S	1.1923 S
1.4730 T	2.1161 T	114.00 P	1.1640 T
1.4703 M	2.0660 M	111.60 M	1.1500 P
1.4635	2.0531	110.70	1.1232
1.4520 S	2.0500 T	109.57 M	1.1189 S
1.4500 K	2.0450 M	109.00 S	1.1110 T
1.4400 M	2.0280 S	108.77 S	1.1000 K
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

Quick access to our 5 previous newsletters:

- ▶ [Dollar mixed on uncertainty over US sub-prime crisis](#)
 - ▶ [Dollar drops as Forex players stay cautious on risk](#)
 - ▶ [Has the Dollar weakness taken a turn?](#)
 - ▶ [Yen rose as FX investors are running away from riskier assets](#)
 - ▶ [BoE and ECB left rates unchanged 5.75% and 4%](#)
-

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.

 [unsubscribe](#)