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Largest weekly USD gain for the month, however data suggests otherwise

News and Events:

US Dollar gains were capped on Friday after weak industrial production data was announced. Industrial production in October fell 0.5% (vs +0.1% expected and +0.2% previous). The fall in industrial production was the biggest in two years, triggering concern that the credit crunch and housing market decline will further slow manufacturing. US Treasury secretary is quoted as saying that the housing trouble is the biggest risk to the economy. Federal Reserve Board Member Kroszner has suggested that the Fed remains on a neutral stance when it comes to a possible rate cut at the December FOMC meeting, suggesting that inflation fears are balanced by the downside risk to economic growth.

The Euro zone trade balance data for September was slight better than expected at 3.1 billion euros (vs 3.0 billion expected and over 1.3 billion in August). The strong Euro seems to not pose a counterproductive threat to the economy. The currency was unchanged for the week, closing at 1.4662 against the US dollar.

Gold posted an impressive weekly drop of \$48 on the back of a strengthening dollar. Gold closed at \$790 an ounce and is unchanged in this morning's session.



Today's Key Issues (time in GMT):

09:15 EUR ECB's Tumpel-Gugerell at Sepa Summit in Frankfurt

10:00 EUR Construction Output SA MoM (SEP)

10:00 EUR Construction Output WDA MoM (SEP)

11:00 USD Paulson Speaks at Press Conference in Ghana

13:30 EUR Bundesbank's Zeitler Speaks at Event in Frankfurt

13:30 CAD Int'l Securities Transactions (SEP) C\$1.100 vs -C\$3.830

13:30 CAD Wholesale Sales (MoM) (SEP) 0.2% vs -2.0%

18:00 USD NAHB Housing Market Index (NOV) 17 vs 18

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The Risk Today:

EURUSD is still in an uptrend and remains so above 1.4542, which the pair has done a good job so far. Strong resistance is met at 1.4752, the Nov 9th (and ultimate) high for the pair. Traders will be eyeing the breakouts of the range.

GBPUSD has broken down below its trend line and remained underneath 2.0583. Expect a possible retracement to 2.0660 but still remain in a down trend if we do not make higher lows.

USDJPY remains in a strong downtrend under 113.75 and a break down through 109.60 would further confirm that. Initial resistance holds at 111.56 for now.

USDCHF target on the downside is 1.1100. The pair remains very bearish under 1.1290, after which there are no obstacles back up to 1.1630.

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.5000 K	2.1161 T	117.63 S	1.1923 S
1.4730 T	2.0525 M	114.00 P	1.1640 T
1.4703 M	2.0500 P	111.60 M	1.1500 P
1.4633	2.0469	110.57	1.1185
1.4520 S	2.0200 S	109.57 M	1.1176 S
1.4500 K	2.0000 P	109.00 S	1.1110 T
1.4400 M	1.9860 S	108.77 S	1.1000 K
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

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