

DIRECT LINKS:

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

Euro still under pressure on views that ECB will have to cut interest rates

News and Events:

The Yen rose broadly on Monday as investors grew more risk averse while the Euro gave back small gain against the Dollar as the market weighed inflation remarks from monetary policy-makers. The Euro, coming off its worst week against the Dollar in 1-1/2 years, had edged up overnight after European Central Bank governing council member Axel Weber told a German newspaper the central bank had not relaxed its view on inflation. But it pared most of those gains in New York trade as fears of more credit fallout reinforced views that the ECB will have to cut interest rates this year. Yesterday, EurUsd was unchanged at 1.4501, off the overnight high of 1.4577. The euro struggled last week after the ECB left interest rates at 4% and focused its policy statement on growth risks, cutting wording about pre-emptive action on inflation. Weber and ECB President Jean-Claude Trichet have since tried to refocus markets on euro-zone inflation, which recently hit a 14-year high. Analysts said the market was interpreting it all to mean the bank is moving into a neutral policy stance, a prelude to an eventual rate cut. UsdJpy fell 0.45% to 106.83 and EurJpy was down 0.52% at 154.91. The weekend Group of Seven industrialized nations meeting in Tokyo offered little news for Forex markets. Finance leaders' focus on the crumbling US housing market and its impact on world economic conditions and bank lending added to risk aversion on the margins, helping the Yen. The language on currencies was largely a repeat of the previous statement, with the G7 saying exchange rates should reflect economic fundamentals. AudUsd was among the best performing, rising 0.88% to 0.9035 after the central bank warned it would likely need to raise interest rates again to counter inflation. The Reserve Bank of Australia hiked rates to an 11-year peak of 7% last week, and markets now expect another hike in March.



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 January CPI -0.6% vs 0.6% (MoM)
09:30 GBP January CPI 2.3% vs 2.1% (YoY)
09:30 GBP January RPI -0.5% vs 0.6% (MoM)
09:30 GBP January RPI 4.1% vs 4% (YoY)
10:00 EUR January Germany ZEW current conditions 50.8 vs 56.6
10:00 EUR January Germany ZEW economic sentiment -45 vs -41.6
16:05 USD Fed's Yellen speaks on the economy, San Francisco
19:00 GBP January Monthly Budget Statement \$23.5B vs \$38.24B
21:45 NZD 4Q Producer Prices Index 1.2% vs 2.3%
22:00 USD ABC/Wash Post Index -33 vs -33
23:30 AUD February Consumer Sentiment -8.3%
23:50 JPY January Corp Goods price 0% vs 0.4% (MoM)
23:50 JPY January Corp Goods price 2.8% vs 2.6% (YoY)
23:50 JPY December Current account -3.6% vs 2.1%
00:01 GBP January RICS House Price Balance -52% vs -49.1%

The Risk Today:

EURUSD Dropped by 2.01% last week at 1.4504 having posted 1.4440 low. Medium term trading range is now 1.4366 – 1.4952. Market traded as low as 1.4940 on Wednesday. Market is turning over 1.4500 pivot support, where below it, market might look down for 1.4280 next support after trendline support holding 1.4311 December low. Initial resistance holds 1.4652 Thursday high.

GBPUSD was under pressure last week returning below 1.9590 (38.2% retracement of 1.7049 – 2.1161 advance). Further pressure below 1.9500 might open the door toward 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance). Return in uptrend will be only confirmed over 2.0000 key level before 2.0100 resistance. Initial resistance holds 1.9590 former support.

USDJPY It remains weak below 108, having tested 104.97 low 23rd January and 105.77 low in February. Initial resistance holds 107.89 and strong resistance holds 110.10 mid January double top ahead of 111.92 early January high. Pressure will be relieved over 108. Meanwhile, current trend may look for 106 support and next 104.97 support ahead of 104.20 trendline support.

USDCHF Posted a 2 ½ week high Thursday at 1.1104. Initial resistance holds 1.1123 late January high. Market might look for 1.1130 (38.2% of 1.1603 – 1.0838 decline). Early January double top 1.1191 marks strong resistance. Initial support holds 1.0933 Thursday low, 2 figures away from previous week low 1.0732.

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.5000 K	2.0100 S	114.00 P	1.1500 P
1.4967 S	2.0000 P	110.10 S	1.1191 S
1.4652 M	1.9590 S	108.00 P	1.1123 M
1.4535	1.9520	107.00	1.1015
1.4366 T	1.9388 M	106.00 S	1.0933 M
1.4311 S	1.9337 S	104.97 M	1.0812 K
1.4280 S	1.9105 S	104.20 T	1.0732 S
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

Quick access to our 5 previous newsletters:

- ▶ [Dollar steady after G7 weekend meeting](#)
- ▶ [ECB left rate at 4% and BoE cut by 25bp at 5.25% on weak...](#)
- ▶ [Forex market await ECB and BoE rate decision and comments](#)
- ▶ [The Euro drops on expectation the ECB could cut interest rates.](#)
- ▶ [The Reserve Bank of Australia lifted rates by a 25bp to 7%...](#)

▶ [unsubscribe](#)

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.