

**DIRECT LINKS:**

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

## Dollar slid after Bernanke comments on economic growth

### News and Events:

The Dollar slid against the Euro and Yen on Thursday after Federal Reserve Chairman Ben Bernanke said the US economic outlook had worsened and that the central bank would act as needed to support growth. In remarks to the Senate Banking Committee, Bernanke said falling home values, a softer job market and high energy prices are expected to hurt consumer spending in the short run. Bernanke's comments reinforced the impression that the Fed will cut interest rates again, with rate futures pricing in a 50bp rate cut in March. The Fed has cut the benchmark rate by 225bp in the current easing cycle. Bernanke also said changes in monetary policy take time to affect the economy and should boost growth in the second half of 2008, and analysts said that limited Dollar losses.

EurUsd went up to 1.4648 high and closed to the 1.4642 +0.6%. GbpUsd rose 0.11% to 1.9619, while UsdJpy fell from an earlier one-month high of 108.61 to 107.80, down 0.43.

Unlike the Fed, the European Central Bank has held benchmark rates steady at 4%, and ECB Governing Council member Axel Weber said on Thursday that policy-makers are more concerned about inflation than growth.



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

- 09:00 NOK January Trade Balance 39.6B
- 10:00 EUR December Euro zone Trade balance € 2.4B vs € 2.6B
- 13:30 USD February NY Fed Manufacturing 6 vs 9.03
- 13:30 USD January Import Prices 0.4% vs 0%
- 13:30 USD January Export Prices 0.3% vs 0.4%
- 13:30 CAD December Manufacturing shipments -0.1% vs 1.1%
- 14:00 USD December Net Long-term TIC Flows 66B vs 90.90B
- 14:15 USD January Industrial production 0.1% vs 0%
- 14:15 USD January Capacity utilization 81.3% vs 81.4%
- 14:45 EUR ECB's Trichet speaks on structural reform, Madrid
- 15:00 USD February University of Michigan Confidence Survey 76.3 vs 78.4

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### The Risk Today:

**EURUSD** Market again looks stronger over 1.4500 pivot point recovering from last week drop by 2.01% at 1.4504 having posted 1.4440 low. Medium term trading range is now 1.4366 – 1.4952. Trendline support holds 1.4311 ahead of 1.4280 strong support. Initial resistance holds 1.4671 6th February high.

**GBPUSD** is posting a fifth positive day since last week 1.9388 low. Initial resistance holds 1.9730 upper Trendline. Return in uptrend will be only confirmed over 2.0000 key level before 2.0100 resistance. Renewed pressure below 1.9500 might open the door toward 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance).

**USDJPY** It broke up 108 pivot point on Wednesday. This open the way up to 110.10 strong resistance and mid January double top ahead of 111.92 early January high. On the downside, 108 pivot point holds initial support. Further supports are sat on 105.77 February low and 104.97 23rd January low, ahead of 104.20 trendline support.

**USDCHF** Posted a 3-week high at 1.1107 Wednesday. 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	111.92 S	1.1191 S
1.4671 M	1.9730 T	110.10 T	1.1123 M
1.4655	1.9645	108.25	1.0980
1.4366 T	1.9388 M	108.00 P	1.0933 M
1.4311 S	1.9337 S	106.00 S	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			

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- ▶ [ECB left rate at 4% and BoE cut by 25bp at 5.25% on weak...](#)

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