

**DIRECT LINKS:**

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

## Dollar fell on a two-week low versus the Euro after weak data

### News and Events:

The Dollar fell on Thursday, touching a two-week low versus the Euro after data showing a surprisingly sharp contraction in regional factory activity renewed fears of a US recession and more Federal Reserve rate cuts. Also, a weekly jobless claims report suggested the labor market was starting to strain from the slowing economy, leaving investors with no reason to buy the Dollar.

Interest rate futures were at one point fully pricing in another 50bp rate cut in the Fed's benchmark overnight lending rate, to 2.5% at next month's meeting. More US rate cuts would further erode the Dollar's appeal to global investors, particularly when central banks in Europe and Australia are either keeping rates steady or raising them.

EurUsd rose to two-week highs at 1.4838 and it was traded 1.4813, up 0.62% posting its biggest one-day advance since January 28th. Falling US stocks dragged UsdJpy 0.56% lower to 107.43. UsdChf was down 1% to 1.0895. Low-yielding currencies such as the Yen and the Swiss franc tend to attract flows during periods of uncertainty as the low interest rates reflect the capital surplus of their respective countries.

News that the Philadelphia Fed business activity index contracted to -24 in February, its worst reading since 2001, rattled investors and confounded economists, who had expected a reading of -11.

Minutes from the Fed's last policy meeting showed on Wednesday that policy-makers are worried about still slower US growth even after the series of aggressive rate cuts. The Fed also lowered its US growth forecast for 2008. Even more concerning for investors; the weekly jobless claims data showed more workers were remaining on state unemployment rolls.

While investors expect the Fed to continue on its monetary easing path, they are scaling back expectations for ECB rate cuts this year after French inflation rose at its fastest annual pace in at least 11 years. Futures market are now pricing in only a 25% chance of a rate cut from 4% by June. Just last week, a June rate cut had been fully priced in. EurJpy rose to five-week highs near 159.58, but last traded flat at 159.15. GbpUsd surged 1.1% to 1.9635 +1.1% following an unexpectedly strong retail sales report that helped ease concerns about the health of the UK economy.



**Bullish Attitude**

**Performance**

**Security**

**Simplicity**

**Transparency**

**Free  
Practice  
Account**

**Trade  
Currencies Online  
With the Best  
Conditions**



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

**09:00 EUR** February Euro-zone PMI Manufacturing 52.3 vs 52.8  
**09:00 EUR** February Euro-zone PMI Services 50.7 vs 50.6  
**09:00 EUR** February Euro-zone PMI Composite 51.5 vs 51.8  
**10:00 EUR** December Industrial New Orders -1% vs 2.7% (MoM)  
**10:00 EUR** December Industrial New Orders 8.4% vs 11.9% (YoY)  
**13:30 CAD** Retail Sales 0.7% vs 0.7% (MoM)  
**13:30 CAD** Retail Sales ex-autos 0.4% vs 1.7% (MoM)  
**18:30 USD** Fed's Fisher speaks on the economy, Fort Worth

## The Risk Today:

**EURUSD** Market confirmed the recent strength over 1.4500 pivot point and 1.4800 recovering from 7th February 1.4440. Medium term trading range is still 1.4366 – 1.4952. Trendline support holds 1.4311 ahead of 1.4280 strong support. Initial resistance holds 1.4838 yesterday high.

**GBPUSD** Cable had found resistance on upper Trendline at 1.9723 4-days ago. Friday move ended the five-day positive trend from 1.9388 February 7th low. Initial resistance holds 1.9730 upper Trendline. Return in uptrend will be only confirmed over 2.0000 key level before 2.0100 resistance. Most recent pressure below 1.9500 had open the way toward 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance). Initial support holds 1.9363 Wednesday low.

**USDJPY** It returned below 108 pivot point. On the downside, supports are set on 105.77 February low and 104.97 23rd January low, ahead of 104.20 trendline support. Renewed Dollar strength may open the way up to 110.10 strong (Trendline) resistance and mid January double top ahead of 111.92 early January high.

**USDCHF** It is trading in 1.0732 – 1.1104 range. Next 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 1.0887 Thursday low, 2 figures away from February 1st 1.0732 low.

## 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
1.4838 M	1.9730 T	110.10 T	1.1123 M
1.4805	1.9655	107.25	1.0900
1.4500 P	1.9363 M	106.00 S	1.0887 M
1.4366 T	1.9337 S	105.77 M	1.0812 K
1.4280 S	1.9105 S	104.97 T	1.0732 S
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

## Quick access to our 5 previous newsletters:

- ▶ [Fed is still seen cutting again interest rates to support...](#)
- ▶ [Dollar slips as investors are worried about further economy...](#)
- ▶ [Dollar edged up in thin trade on US market holiday](#)
- ▶ [Euro is looking for a run back at its record high near 1.5000](#)
- ▶ [Dollar slid after Bernanke comments on economic growth](#)

*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](#)