

DIRECT LINKS:

- ▶ [Forex Trading](#)
- ▶ [New To Forex](#)
- ▶ [Forex Quotes](#)
- ▶ [Charts](#)
- ▶ [White Labels](#)
- ▶ [Asset Managers](#)
- ▶ [Introducing Brokers](#)

Fed new liquidity measures lowered market expectations for a strong interest rate cut.

News and Events:

The Dollar posted sharp gains on Tuesday after the Federal Reserve announced new measures to inject liquidity into the financial system, easing concerns about a deepening credit crisis and a US recession. The Dollar surged against the Yen and Swiss franc after the Fed said it would lend primary dealers up to \$200 bio in Treasury securities and allow them to use agency and mortgage debt as collateral. It also rebounded from a record low against the Euro following the announcement of the liquidity measures, which will be coordinated with other central banks.

UsdJpy hit 103.60 high yesterday, well off an eight-year low 101.42 hit last Friday. It last traded up 1.82% at 103.28. EurUsd retreated from an all-time 1.5495 high yesterday and fell as low as 1.5283 before edging back to 1.5339, unchanged. UsdChf rose 1.37% to 1.0327. EurJpy strengthened to 158.42 up 1.79%. High-yielding currencies rallied sharply against the Dollar and Yen, with the NzdUsd rising 1.66% to 0.8016, as risk appetite returned.

The Fed's action cooled market expectations for a sharp interest rate cut at the US central bank's March 18 policy meeting, and that took some pressure off the Dollar. US interest rate futures were pricing in a 64% chance that the Fed will cut its benchmark rate to 2.25% from 3% next week. Such a cut had been fully priced in before the Fed's move. Some FX market participants, however, said the Dollar's gains were probably not sustainable, especially as recent US economic data have been almost universally gloomy. Some economists believe the United States is already in a recession.

Also on Tuesday, US Treasury Secretary Henry Paulson said long-term US economic fundamentals remained strong. European Central Bank governing board member Axel Weber hinted that the ECB had no room to cut interest rates, saying German inflation remained a concern. The ECB has held rates at 4% throughout the credit crisis, stressing inflation risks.



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 Trade Balance £-7.5B vs £-7.57B
09:30 GBP January Trade Balance non-EU £-4.1B vs £-4.08B
10:00 EUR January Industrial production 0.3% vs -0.2% (MoM)
10:00 EUR January Industrial production 2.6% vs 1.3% (YoY)
10:00 CHF March ZEW survey previous -55.6
12:30 GBP Chancellor Darling presents Budget in Parliament
18:00 USD February Budget Statement \$-160B vs \$-119.9B
21:45 NZD January Retail Sales 0.3% vs 0.1% (MoM)
21:45 NZD January Retail Sales ex-auto -0.1% vs 0.3% (MoM)

The Risk Today:

EURUSD Euro posted a new all-time high 1.5495 yesterday before retracing to 1.5339 close. Medium term trading range is still 1.4500 – 1.5600. Initial support hold 1.5146 last Wednesday low. Psychological 1.5000 level marks strong key support before 1.4500 pivot point. Initial resistance hold 1.5462 Friday high.

GBPUSD Cable advanced as high as 2.0221 on Monday, 2 ½ month high. Further strength might open the way toward 2.0577 3-month high. Psychological 2.0100 former resistance level marks support. Renewed pressure below 2.0000 might reopen the way down to 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance). Further support holds 1.9630 former Trendline resistance.

USDJPY It remains weak in the last 2-week down trendline. On the downside, further weakness might open the door down to 101.68 January 2005 low and 101.22 November 1999 low. On the Upside, only a return over 108 may open the way up to 110.10 strong (Trendline) resistance and mid January double top ahead of 111.92 early January high. Initial support holds 101.42 Friday low.

USDCHF Market remains weak, having traded down to 1.0134 Friday low. Further weakness might open the way down to 1.0000 psychological level. Uptrend would return over 1.0700 and open the way for 1.1130 (38.2% of 1.1603 – 1.0838 decline). Early January double top 1.1191 marks strong resistance.

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.5600 T	2.0577 T	110.10 T	1.1500 P
1.5495 S	2.0447 S	108.00 K	1.1130 S
1.5462 M	2.0140 M	105.00 S	1.0761 M
1.5385	2.0115	103.05	1.0285
1.5283 M	2.0100 K	101.68 S	1.0200 S
1.5000 K	2.0000 P	101.42 M	1.0134 M
1.4500 P	1.9630 K	101.22 T	1.0000 K
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

Quick access to our 5 previous newsletters:

- ▶ [Yen and Swiss Franc rise against Dollar as investors reduced...](#)
- ▶ [Dollar dropped to record lows on Friday before rebounding on...](#)
- ▶ [Dollar slide to record lows against Euro and Swiss franc as ECB...](#)
- ▶ [Dollar dropped to new low records against Euro](#)
- ▶ [Dollar slide on six consecutive days with concerns over US...](#)

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.