

**DIRECT LINKS:**

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

## Dollar posted gains after Fed cut benchmark rate by a less than expected 75bp to 2.25%

### News and Events:

The Dollar posted its largest single-day gain against the Yen in nine years on Tuesday and rallied against the euro after the Federal Reserve cut the benchmark US interest rate by a less-than-expected 75bp to 2.25%. Some investors had been betting the US central bank could cut by as much as 100bp. Lower rates typically reduce the attractiveness of Dollar-denominated securities and stem demand for the Dollars to buy them. Analysts said while the cut was smaller than expected, there were likely more to come. UsdJpy was up 2.75% on the day at 99.86, under the 100 level breached last week. It was the largest one-day percentage advance since February 1999. UsdChf also managed to break back above parity at 1.0052 high before turning back to 0.9996 +1.48%. EurUsd was down 0.56% at 1.5654, the largest one-day percentage loss for the Euro in six weeks. Monday's record peak for the EurUsd was 1.5904. The Fed's action takes the federal funds rate down to 2.25%, the lowest since February 2005, and comes two days after the central bank announced the latest in a series of emergency measures to stem a fast-spreading global financial crisis. The Fed has now cut rates a full 3% since September. The Fed said in the statement accompanying the rate cut decision that "recent information indicates that the outlook for economic activity has weakened further" while "inflation has been elevated, and some indicators of inflation expectations have risen." Dollar FX dealers also were reacting to the strength of the US equity market, which were strong throughout the day and surged to new highs after the Fed action. The Dow Jones industrial average gained 3.61% at 12392. The Dollar pushed off some of its recent credit-related concerns on stronger-than-expected results from Goldman Sachs and Lehman Brothers early in the session. European Central Bank officials have recently expressed concern about "excessive" moves in currencies, but analysts say the ECB may be willing to accept the strong Euro to help control inflation. The ECB's main task is to keep prices stable and avoid second-round inflation effects, ECB board member Lorenzo Bini Smaghi told a Brazilian newspaper, adding that exports have held up well in recent years despite the rise in the Euro.



**Bullish Attitude**

**Performance**

**Security**

**Simplicity**

**Transparency**

**Free Practice Account**

**Trade Currencies Online With the Best Conditions**



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

**00:00 NOK** Market Holiday  
**09:30 GBP** Bank of England Minutes of march 5-6th meeting  
**09:30 GBP** February Jobless -2.8k vs -5k  
**09:30 GBP** January ILO Unemployment 5.2% vs 5.2%  
**11:00 EUR** January Trade Balance € -5B vs -4.2B  
**11:00 GBP** March CBI Industrial Trends 1 vs 3  
**12:30 CAD** January Wholesale Sales 1% vs -2.9%  
**17:00 TRY** CBT borrowing rates actual 15.25%

---

## The Risk Today:

**EURUSD** Euro posted a new all-time high 1.5904 on Monday, confirming medium term trading range 1.4500 – 1.6000. Initial support hold 1.5528 (23.6% retracement of 1.4311-1.5904 advance) close to Friday low. Psychological 1.5000 level marks strong key support before 1.4500 pivot point. Initial resistance hold 1.6000 key level.

**GBPUSD** Cable advanced as high as 2.0398 last week, 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 4-week down trendline. Recent break through 100 Pivot marks resistance. Bottom support holds 95. On the Upside, only a return over 100 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 95.74 Monday low.

**USDCHF** Market remains weak, having broke down through 1.0000 last Friday psychological level. Further weakness open way down again to 0.9639 Monday low. Uptrend would only return over 1.0000 and 1.0200 resistances. Early January double top 1.1191 marks strong resistance.

---

## Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.6000 K	2.0577 T	101.22 M	1.1191 S
1.5904 S	2.0447 S	100.00 P	1.0200 S
1.5332 M	2.0140 M	99.11 S	1.0000 P
1.5760	2.0100 K	98.25	0.9910
1.5528 S	2.0000 P	95.74 M	0.9787 M
1.5000 K	1.9630 K	95.00 T	0.9639 K
1.4500 P	1.9337 S	79.70 K	0.9500 T
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

---

## Quick access to our 5 previous newsletters:

- ▶ [Dollar stands still at record low prices ahead of FOMC decision](#)
  - ▶ [Dollar fell below 99 Yen and EurUsd hit new record high](#)
  - ▶ [Record highs on the Euro; Dollar/Yen falls below 100.00](#)
  - ▶ [Fed new liquidity measures lowered market expectations for a...](#)
  - ▶ [Yen and Swiss Franc rise against Dollar as investors reduced...](#)
-

*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](#)