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G7 reported concern about sharp fluctuations in major currencies

News and Events:

The Yen rose broadly on Friday after a fall in quarterly earnings for General Electric stoked fears about the health of the US economy, causing investors to close riskier assets. US stock markets fell more than 2% Friday, dragging the Dollar lower against the low-yielding Japanese Yen and Swiss franc. Analysts said news that General Electric reported a 6% drop in profits, along with data showing US consumer morale plunged to a 26-year low in April, weakened expectation on US economic strength and wealth.

UsdJpy dropped to a session low of 100.65 and was last trading at 100.95, down 0.72%. EurJpy fell 0.38% to 159.61 reversing from an intraday 161.36 high. EurUsd was up 0.35% at 1.5812 after having hit a session high of 1.5855, not far from a record high of 1.5913 hit on Thursday. GbpUsd was little changed -0.12% at 1.9705. UsdChf dropped 0.57% at 1.0011.

The Yen also rallied against the NZD and AUD as concerns about the US economy encouraged investors to unwind carry trades, which are funded by borrowing in low-yielding currencies such as the Yen and investing in currencies and assets offering higher returns.

G7 finance ministers and central bankers on Friday said they were concerned about sharp fluctuations in major currencies since their February meeting. G7 comment implied that authorities could step into Dollar intervention, but trader and analysts doubt that would be done any time soon. Besides the FX market reaction to the G7, traders said the Dollar direction prices would be influence by this week US data including Retail Sales, Producer prices and Consumer prices as well as US banks earnings.

The Federal Reserve is widely expected to lower interest rates from the current 2.25% later in April. In contrast, investors expect the ECB t keep rates at 4% for a while.



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Today's Key Issues (time in GMT):

08:30 GBP March PPI Core Output 0.4% vs 0.2% (MoM)
08:30 GBP March PPI Core Output 3% vs 3% (YoY)
08:30 GBP March PPI Core Input price 2% vs 1.7% (MoM)
08:30 GBP March PPI Core Input price 19.3% vs 19.3% (YoY)
08:30 GBP March PPI Output price 0.5% vs 0.3% (MoM)
08:30 GBP March PPI Output price 5.6% vs 5.7% (YoY)
09:00 EUR February Euro zone Industrial Production 0.2% vs 0.9% (MoM)
09:00 EUR February Euro zone Industrial Production 2.9% vs 3.8% (YoY)
12:30 USD March Retail Sales ex-autos 0.1% vs -0.2% (MoM)
12:30 USD March Retail Sales 0.0% vs -0.6% (MoM)
14:00 USD February Business Inventories 0.6% vs 0.8%
22:45 NZD Q1 Consumer Price Index 0.8% vs 1.2%

The Risk Today:

EURUSD Euro posted a new all time high at 1.5913 on Thursday. Medium term trading range is set between 1.5400 – 1.6000. Strong support hold 1.5528 (23.6% retracement of 1.4311-1.5904 advance). Psychological 1.5000 level marks strong key support before 1.4500 pivot point. Initial resistance hold 1.6000 key level. Initial support hold 1.5511 Thursday low.

GBPUSD Cable stays below 1.9800 after last week drop. It looks still under pressure after BoE cut rate by 0.25bp to 5% last week. Actual trading range is 1.9600 – 1.9800. Market needs a return over psychological 2.0000 and 2.0100 major pivot points to undermine current downtrend. Further pressure may open the way down to 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance).

USDJPY It looks still under pressure. A return below 100 pivot point would undermine the mid-March uptrend started on 95.74 March 17th low. 100 level marks pivot point. Bottom support holds 95. On the Upside, confirmation over 100 may open the way up to 105, then 110.10 strong (Trendline) resistance and mid January double top ahead of 111.92 early January high. Strong support holds 95.74 last month low.

USDCHF Market still remains weak below 1.0200. It is currently looking for direction with a going on triangle chart figure. Below 1.0000; strong support holds 0.9639 17th March low. Over 1.0000: uptrend would only return with a confirmation over 1.0200 resistances. Early January double top 1.1191 marks strong resistance.

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.6000	2.0577	111.92	1.0500
1.5913	2.0447	110.10	1.0200
1.5904	2.0100	105.00	1.0158
1.5755	1.9725	100.85	1.0020
1.5528	1.9650	100.00	1.0000
1.5400	1.9337	95.74	0.9639
1.5000	1.9105	95.00	0.9500
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

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