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The Dollar dropped to lifetime lows against the Euro on weak US data despite support from Corp Q1 earnings.

News and Events:

The Dollar dropped to lifetime lows against the Euro on Wednesday, as a steep decline in US home construction and record high euro zone inflation highlighted the contrasting growth paths of the two economies. EurUsd rose to 1.5979 high, its strongest since its 1999 launch, as data showing a record 3.6% advance in euro zone prices last month suggested the European Central Bank won't cut interest rates soon. The euro zone single currency also posted its largest daily increase in three weeks. In contrast, US benchmark interest rates are still seen headed lower, especially after reports showed a sharp slide in March housing starts and an unexpectedly weak core inflation reading.

The Federal Reserve has already cut interest rates by 300bp since September and is widely expected to cut them again, to at least 2% in late April. Meanwhile, euro zone interest rates have been at 4% for more than a year.

At yesterday close, EurUsd rose 0.98% at 1.5940 while GbpUsd rose 0.49% at 1.9717. UsdJpy was up 0.13% at 101.83 after having hit a session low of 100.82. UsdChf fell 0.86% to 0.9995 posting intraday 0.9940 low. UsdCad dropped 1.64% to 1.0011, the sharpest loss since February 25th. AudUsd rose 1.26% to 0.9380. Dollar get under pressure as investors are also monitoring US Q1 earnings results which have been so far mixed. JPMorgan Chase, the third-largest US bank, said its quarterly profit fell 50% in the first three months of the year, while The Wall Street Journal reported Merrill Lynch will post \$6 to \$8 billion in write-downs when it releases results on Thursday. But US stocks rallied more than 2% on Wednesday as investors were encouraged by earnings from Intel Corp and IBM.



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Today's Key Issues (time in GMT):

09:00 CHF April ZEW Investor sentiment previous -71.7
09:00 EUR April ECB Monthly report
11:00 CAD March Bank of Canada CPI Core 0.3% vs 0.5% (MoM)
11:00 CAD March Bank of Canada CPI Core 1.4% vs 1.5% (YoY)
11:00 CAD March CPI inflation 0.5 vs 0.4% (MoM)
11:00 CAD March CPI Core 1.5% vs 1.8% (YoY)
12:30 USD weekly Initial Claims 375k vs 357k
12:30 USD weekly Continuing Claims 2930k vs 2940k
13:45 USD Fed's Kohn speaks on Financial stability, North Carolina
14:00 USD March Leading indicators 0% vs -0.3%
14:00 USD April Philadelphia Fed Survey -15 vs -17.4
14:30 CHF Swiss National Bank's Roth speaks on international trade
16:00 TRY March CBT borrowing rate previous 15.25%
18:00 USD Fed's Fisher speaks on financial services, Chicago
19:20 GBP Bank of England's Bean speaks, London

The Risk Today:

EURUSD Euro posted a new all time high at 1.5979 yesterday. Medium term trading range is set between 1.5800 – 1.6200. 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 ahead of 1.6200 market target. Initial support hold 1.5511 April 3rd low. Minor resistance holds 1.5979

GBPUSD Cable stays below 1.9800 after last week drop. It remains 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
1.6200	2.0577	111.92	1.0500
1.6000	2.0447	110.10	1.0200
1.5979	2.0100	105.00	1.0000
1.5960	1.9730	101.95	0.9980
1.5528	1.9650	100.00	0.9888
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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