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Dollar posted gains on Thursday support by mixed earnings and comments from Euro-zone official.

News and Events:

The Dollar posted gains on Thursday, as investors felt more confident about the outlook for the troubled financial sector, with US companies' earnings so far generally revealing no major negative surprises. It also got a lift against the Euro earlier after a euro zone official said the recent appreciation in the European single currency was undesirable. EurUsd set record high just near 1.6000.

Dollar had some support from US equities, with the companies reporting earnings on Thursday showing mixed results. Investors reacted positively to Merrill Lynch after it reported sub-prime mortgage write-downs of \$6.5bio, as analysts' expectations. However, optimism was offset by cautious outlooks from eBay and United Technologies Corp.

Yesterday at close, EurUsd fell 0.21% at 1.5906. UsdJpy was up 0.54% at 102.38 and UsdChf rose 0.61% to 1.0056. GbpUsd rose 0.9% to 1.9898 after a UK Treasury source said authorities could announce as early as next week details of a plan to ease tight conditions in the British mortgage market.

Also, a sharp fall in the Philadelphia Fed's business index for April briefly trimmed some dollar gains, but investors resumed buying the Dollar against majors after Dallas Fed President Richard Fisher indicated a reluctance to cut US interest rates. Fisher said an accommodative monetary policy could cause inflation and it is important for the Fed to have a steady hand, and not to cut rate too fast.

The Fed is still widely expected at its end of April meeting to lower the benchmark federal funds rate target from its current level of 2.25% to support an economy struggling under the weight of deep housing and credit crises. That would be in addition to 300bp of cuts done since September. This was in contrast to the European Central Bank, which has left rates at 4% for more than a year to fight record high euro-zone inflation.



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Today's Key Issues (time in GMT):

00:00 DKK Denmark Market Holiday

08:30 GBP March PSNB £8B vs £2.67B (MoM)

08:30 GBP March PSNCR £18B vs £2.9B (MoM)

12:30 CAD March Leading indicators 0% vs -0.3%

12:30 CAD February Wholesale trade 0.4% vs 2.6% (MoM)

14:30 USD weekly ECRI previous 131.90

14:30 USD weekly ECRI annualized previous -10.7%

The Risk Today:

EURUSD Euro posted a new all time high at 1.5983 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 broke up 1.9800 ending last 30day downtrend. Further strength may open the way toward 2.0000 psychological level. Confirmation over 2.0100 major pivot point would set Cable free for more uptrend. Actual trading range is 1.9800 – 2.0000. Renewed pressure below 1.9800 may open the way down to 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance).

USDJPY Current trading range is set between 100 and 102. A return below 100 pivot point would undermine the mid-March uptrend started on 95.74 March 17th low. Bottom support holds 95. On the Upside, confirmation over 102 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.

USDCHF Market still remains weak below 1.0200. It is currently looking for direction with an ongoing 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	1.0071
1.5950	1.9975	102.50	1.0050
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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