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Dollar dropped lower after weaker than expected US jobs data

News and Events:

The Dollar fell on Friday after a report showed the US economy shed jobs for a third straight month, confirming fears that the country may already be in a recession.

Euro and Yen posted gains against the Dollar after the government said US employers cut 80k jobs in March, more than expected and the biggest monthly fall in five years. The Dollar had recovered most of its earlier losses by late afternoon, however, as traders said the data did not come as a big surprise to a market that has long expected the Federal Reserve to cut interest rates again late this month. On Friday, EurUsd was up 0.43% at 1.5728, after climbing as high as 1.5774 after the jobs data but ran into aggressive selling at that level. UsdJpy was down 0.91% at 101.46 and UsdChf fell 0.53% to 1.0062. Analysts said some traders were looking to trim bets in favor of the Euro ahead of a European Central Bank meeting on Thursday. The ECB is expected to hold interest rates at 4%, but a string of recent weak Euro zone data has traders waiting to see if President Jean-Claude Trichet softens his stance on inflation, which could signal a rate cut later this year. Steady euro zone rates at a time when the Fed has slashed US benchmark rates from 5.25% to 2.25% in recent months have boosted the Euro's appeal over the Dollar.

Analysts also said the Euro will probably settle into a 1.5500-1.5800 range this week, though they said the Dollar remained at risk should US economic data worsen or another Wall Street bank fall prey to massive mortgage-related losses. The deteriorating employment situation in the United States also remains a concern, particularly a jobless rate that the government's data on Friday showed jumped to 5.1% from 4.8%. AudUsd was up a 0.85% at 0.9228 despite an unexpected dip in Australian February retail sales data. UsdCad was up 0.35% at 1.0083 after an early Canadian government report showed that Canada's unemployment rate rose more than expected, fueling expectations for rate cuts from the Bank of Canada.



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Today's Key Issues (time in GMT):

09:00 NOK February Manufacturing output 0.7% vs 2.8%
09:30 EUR April Euro-zone Sentix Index -1.3% vs 0.4%
11:00 EUR February Germany Industrial output -0.5% vs 1.8%
13:30 CAD February Building permits 1% vs -2.9%
20:00 USD February Consumer Credit \$5.5B vs \$6.9B
23:00 NZD Q1 NZIER Confidence previous -26%

The Risk Today:

EURUSD Euro posted all-time high 1.5904 last month. 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 advanced as high as 2.0398 last month. It reversed just below 1.9800 late March on profit taking. Actual trading range is 1.9700 – 2.0200. Psychological 2.0100 and 2.0000 levels are major pivot points and resistances. Further pressure may open the way down to 1.9337 January low and 1.9105 (50% retracement of 1.7049 – 2.1162 advance). Recovery over 2.0000 may open the way up 2.0200 and 2.0400.

USDJPY It rebounded from 95.74 Mid-March low. It marks the end of a 4-week downtrend. 100 level marks pivot point. Bottom support holds 95. On the Upside, last week 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. Strong support holds 95.74 last month low.

USDCHF Market remains weak below 1.0200, having traded below 1.0000 psychological level late March. Strong support holds 0.9639 17th March low. Uptrend would only return over 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	111.92 K	1.0761 M
1.5904 S	2.0447 S	110.10 T	1.0500 S
1.5832 M	2.0100 P	105.00 S	1.0200 S
1.5675	1.9860	102.65	1.0145
1.5528 S	1.9730 M	100.00 P	1.0000 P
1.5400 T	1.9337 S	95.74 S	0.9639 K
1.5000 K	1.9105 K	95.00 T	0.9500 T
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

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