



Market Review

US Stocks dropped 2.39 percent in the early morning of Tuesday after data showed U.S. consumer confidence fell steeply in June. The Dow Jones industrial average dropped 242.07 points to 9,896.45.

Risk aversion shook the forex market, with the euro reached a low of 1.2152 in the New York session, and the drop in sentiment is likely to drag the pair even lower going into the Asia trade. Market participants may continue to sell the euro as the aftermath of debt crisis is still negatively affecting the outlook for future growth and the pair could fall back below 1.2000 in short term. On the other hand, economic confidence in the Euro-Zone unexpectedly increased in June, rising to 98.7 from 98.4 in the previous month.

The British Pound stopped the two-day rally and once slipped to a low of 1.5012 during the European trade since investors have less appetite for risk, but the pair bounced back from the low to the current 1.5073 level in the New York session. A report by the Bank of England showed mortgage approvals increased 49.8K which is lower than the forecasts for a 51.0K rise, while consumer credit increased GBP 0.3B that is higher than the GBP 0.1B expansion estimate.

The U.S. dollar soared on account of the risk aversion. However, the Japanese Yen rallied across the board, and pushed the USD/JPY to a low of 88.28 during the New York session. A drop in U.S. consumer confidence could fuel risk aversion throughout the Asia session as the world's largest economy is still influencing the market of the whole world.

Rates Yesterday (29-06-2010)

	Open	High	Low	Close		Open	High	Low	Close
EUR/USD	1.2281	1.2290	1.2152	1.2187	EUR/JPY	109.73	109.86	107.31	107.98
USD/JPY	89.36	89.41	88.28	88.59	EUR/GBP	0.8133	0.8136	0.8067	0.8090
GBP/USD	1.5098	1.5120	1.5012	1.5065	EUR/CHF	1.3347	1.3363	1.3166	1.3187
USD/CHF	1.0868	1.0920	1.0820	1.0820	GBP/JPY	134.89	135.13	132.82	133.47
AUD/USD	0.8714	0.8721	0.8471	0.8486	GBP/CHF	1.6408	1.6439	1.6260	1.6299
NZD/USD	0.7080	0.7084	0.6909	0.6930	CHF/JPY	82.20	82.26	80.80	81.88
USD/CAD	1.0355	1.0576	1.0342	1.0559	AUD/JPY	77.86	77.95	74.92	75.19

Risk Disclosure

Foreign currency investments are subject to rate fluctuations which may provide both opportunities and risks. The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.



Technical Study – EUR/USD

The Euro has dropped significantly today because US Dollar has gained ground after the release of disappointing US consumer confidence data. We expected the disappointing report would continue to weigh on the market sentiment in the rest of the week. Additionally, on the given daily chart of EUR/USD, we can find a Three Outside Down candlestick pattern, which is a highly reliable bearish reversal pattern. Therefore, we suggest selling the pair at 1.2250 and put a limit at 1.2010 and a stop at 1.2400.



, Chart, Source: Bloomberg

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Intraday Supports and Resistances

Pairs	Support 2	Support 1	Resistance 1	Resistance 2
EUR/USD	1.2181	1.2228	1.236	1.2445
USD/JPY	88.89	89.13	89.53	89.69
GBP/USD	1.4971	1.5037	1.5149	1.5195
AUD/USD	0.8665	0.8693	0.8762	0.8803
EUR/JPY	108.84	109.27	110.47	111.24
EUR/GBP	0.8044	0.8085	0.8202	0.8278
GBP/JPY	133.73	134.34	135.4	135.85

Investment Strategies

Pairs	Strategy	Entry	Stop	Target
EUR/USD	Sell	1.2250	1.2400	1.2010

Economic Statistics Today

Hong Kong Time	Country	Economic Statistics	Period	Survey	Prior
06/30/2010 14:00	UK	Nat'wide House prices sa (MoM)	JUN	0.30%	0.50%
06/30/2010 15:55	GE	Unemployment Change (000's)	JUN	-30K	-45K
06/30/2010 17:00	EC	Euro-Zone CPI Estimate (YoY)	JUN	1.50%	1.60%

Source: Bloomberg

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