



Market Review

The Euro rallied to a high of 1.2303 during the Europe session as the European Central Bank announced three-month loans to commercial banks is EUR 131.9B, it increased less than expected. The data shows an improved outlook for the European banking system and also shows the worst of the debt crisis appears to have passed. Governing Council board member Yves Mersch maintains a cautious outlook at a conference in Rome and said that monetary policy remains “appropriate” and the economy “is coming out of the crisis”. At the same time, the economic docket showed unemployment in Germany slipped 21K in June, which is less than the forecasts for a 30K drop, while the jobless rate held steady at 7.7%. Moreover, the CPI estimate for the Euro-Zone fell back to 1.4% that is less than the estimate 1.5%.

The British Pound declined for the second day and slipped to a low of 1.4935 during New York session. BoE board member Adam Posen said that Britain is “tentatively” recovering, yet is “still subject to switching back into the recession state” as the measures by the new coalition could slow down the future growth. In the mean time, UK consumer confidence in June slipped as the GfK survey dropped to -19 from -18 in May, and households may become more pessimistic since Prime Minister David Cameron plans to withdraw fiscal support from the economy. Additionally, the Nationwide Home Price Index increased 0.1% that is lower than the estimate 0.3% increase.

U.S. dollar price action was mixed. USD/JPY bounced back from yesterday’s low to reach a high of 88.76. On the other hand, two more important economic reports will be released today. US Initial Jobless Claim is expected to be 455k while the prior figure is 457k. The ISM Manufacturing is expected to be 59 while the prior figure is 59.5.

Rates Yesterday (30-06-2010)

	Open	High	Low	Close		Open	High	Low	Close
EUR/USD	1.2186	1.2303	1.2165	1.2237	EUR/JPY	107.93	109.12	107.68	108.21
USD/JPY	88.57	88.76	88.36	88.43	EUR/GBP	0.8096	0.8226	0.8090	0.8188
GBP/USD	1.5052	1.5073	1.4935	1.4945	EUR/CHF	1.3185	1.3287	1.3174	1.3184
USD/CHF	1.0819	1.0855	1.0752	1.0773	GBP/JPY	133.29	133.59	132.00	132.17
AUD/USD	0.8491	0.8565	0.8402	0.8407	GBP/CHF	1.6283	1.6334	1.6096	1.6101
NZD/USD	0.6920	0.6954	0.6858	0.6878	CHF/JPY	81.84	82.31	81.63	82.08
USD/CAD	1.0541	1.0648	1.0467	1.0638	AUD/JPY	75.20	75.99	74.29	74.35

Risk Disclosure

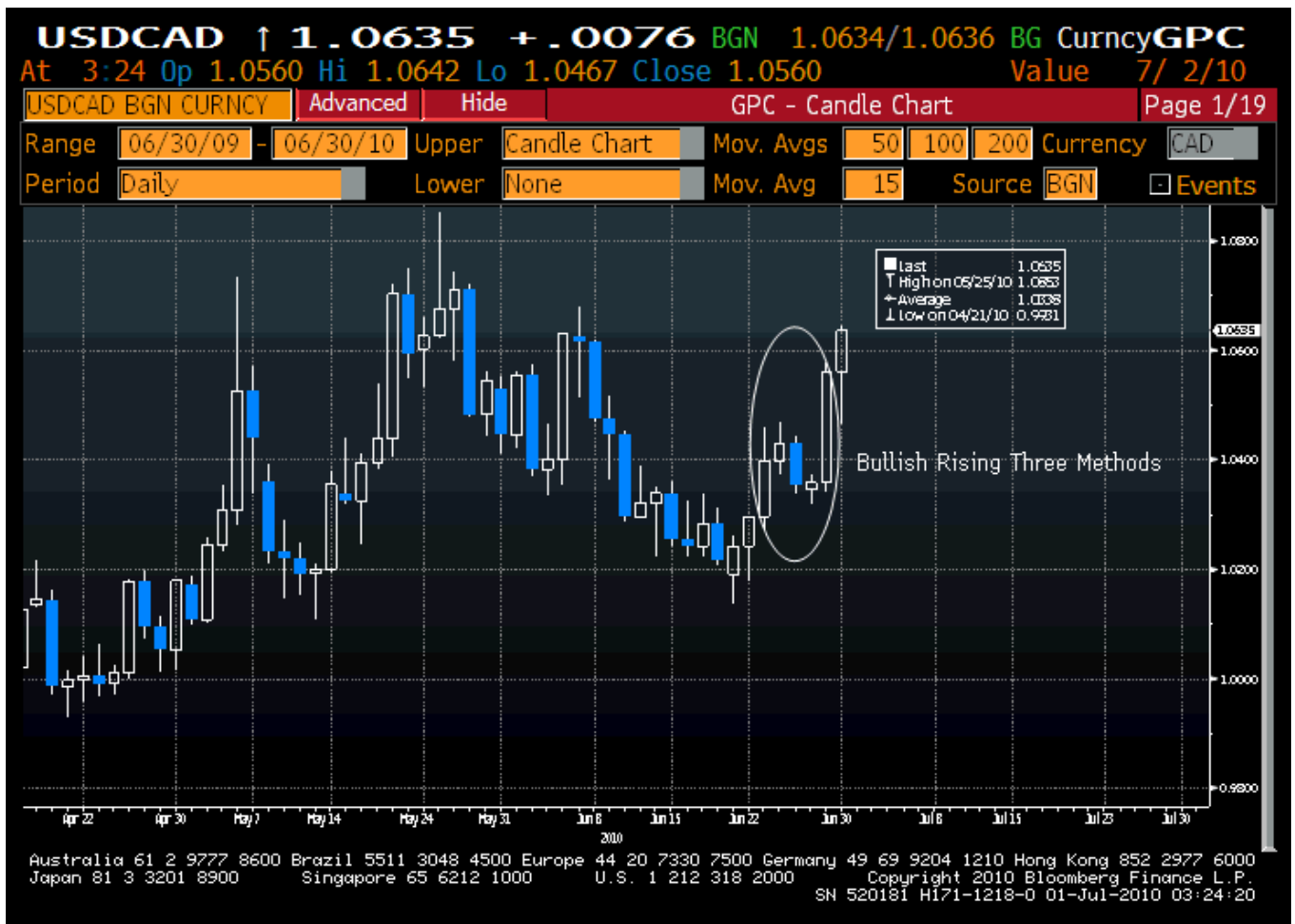
Foreign currency investments are subject to rate fluctuations which may provide both opportunities and risks. The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as “stop-loss” or “stop-limit” 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 – USD/CAD

On the Daily chart of USD/CAD, we found a Rising Three Methods candlesticks pattern. In an uptrend, the first day (23/6) is long white candle. The next three days (24th, 25th and 28th of June) are short candles, ideally not exceeding the range of day-one. The fifth day (29/6) resumes the trend with a long white candle.

Rising Three Methods is a bullish continuation pattern occurs in a bull market, where during an uptrend, the market rests before resuming the trend. Additionally, this is a very reliable bullish continuation pattern, therefore, we assume the uptrend of the pair is confirmed and place a long position at current level 1.0625 and set up a limit at 1.0800 and a stop at 1.0500.



USD/CAD, Daily Chart, Source: Bloomberg

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Intraday Supports and Resistances

Pairs	Support 2	Support 1	Resistance 1	Resistance 2
EUR/USD	1.207	1.2129	1.2268	1.2348
USD/JPY	87.63	88.11	89.24	89.89
GBP/USD	1.4956	1.5011	1.512	1.5174
AUD/USD	0.831	0.8398	0.8647	0.8808
EUR/JPY	105.83	106.9	109.45	110.93
EUR/GBP	0.8028	0.8059	0.8128	0.8166
GBP/JPY	131.48	132.47	134.78	136.1

Investment Strategies

Pairs	Strategy	Entry	Stop	Target
USD/CAD	Buy	1.0625	1.0500	1.0800

Economic Statistics Today

Hong Kong Time	Country	Economic Statistics	Period	Survey	Prior
07/01/2010 07:50	JN	Tankan Lge Manufacturers Index	2Q	-4	-14
07/01/2010 07:50	JN	Tankan Large All Indust Capex	2Q	5.00%	-0.40%
07/01/2010 20:30	US	Initial Jobless Claims	Jun-26	455K	457K
07/01/2010 22:00	US	ISM Manufacturing	JUN	59	59.7

Source: Bloomberg

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