



# FX Strategy Briefing

February 11, 2010

Capital Market Services, LLC  
350 Fifth Avenue, Suite 6400  
New York, NY 10118  
www.cmsfx.com  
trading@cmsfx.com

Prepared by Hans Nilsson\* and Winnie Tapasanun  
www.globicus.com

## EUR/USD Finds Temporary Support

- The dollar pared early gains and traded mixed on Thursday. Better risk appetite boosted equities and commodities. European leaders promised to help Greece, if it slashed its budget deficit, saying they would provide “determined and coordinated action if needed to safeguard stability.” The agreement stopped short of providing immediate financial support for Greece but gave an implicit assurance to help Athens, if it encountered problems in refinancing its sovereign debt. China’s decelerating inflation reduced fear of further monetary tightening. US initial jobless claims fell more than anticipated. The S&P 500 gained 10.34 to 1,078.47. The yen rose modestly. Sterling reversed yesterday’s decline. The Australian and Canadian dollars advanced as risk appetite and commodity prices rose. The aussie was particularly strong on the largest Australian employment gain in three years. A sixth consecutive monthly rise in Canada’s new housing prices supported the loonie.
- The EUR/USD fell as the European Union pledge to solve the Greek debt problem left traders with few clues as to exactly how it would be enacted. The EUR/USD successfully tested the 1.36-area support again. We expect a further consolidation between the 1.36 and 1.38 areas. Resistances are in the 1.38 and 1.40 areas. Although oversold, the EUR/USD long-term outlook remains bearish. The 50-day moving average has fallen below the 200-day moving average, signaling further EUR/USD declines.



\*Expert Market Commentaries, charts and information are provided by Hans Nilsson of Globicus International, Inc., a registered third party CTA, are intended for educational purposes only and do not constitute trading recommendations.

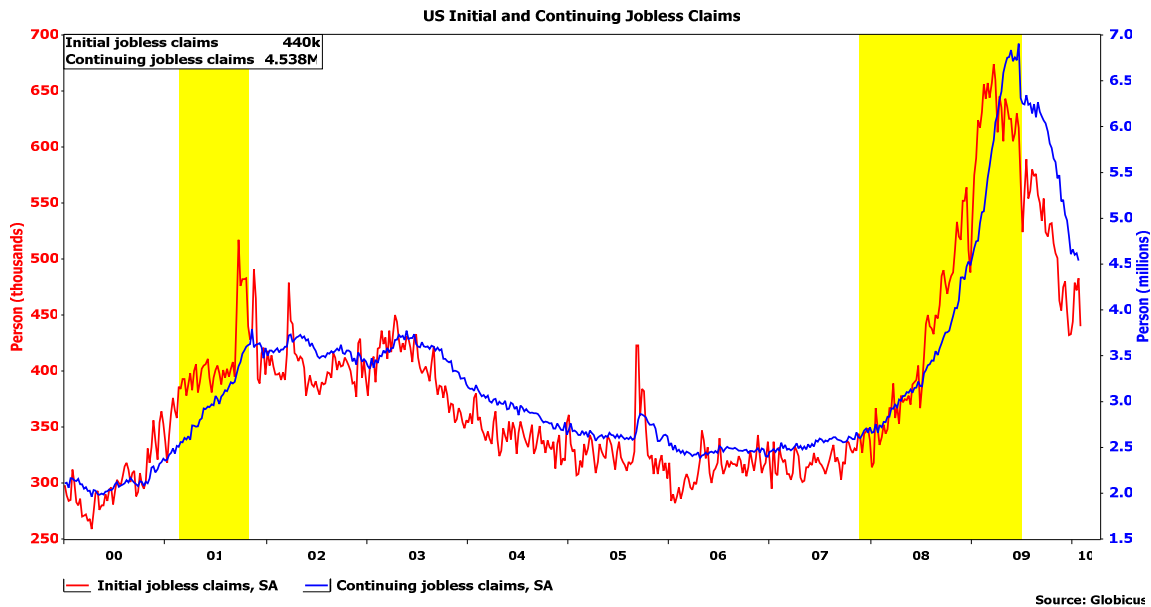
Past performance is not indicative of future results. Trading OTC Forex on margin carries a high level of risk, and may not be suitable for all investors. Please contact a registered trading advisor if you have any questions.

©2004-2010 Globicus International, Inc. and Capital Market Services, L.L.C. This report is intended solely for distribution to customers of Capital Market Services, L.L.C. Any information in this report is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Capital Market Services, L.L.C. with regard to the accuracy of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Capital Market Services, L.L.C. accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this report. No part of this report may be reproduced or distributed in any manner without the permission of Globicus International, Inc.

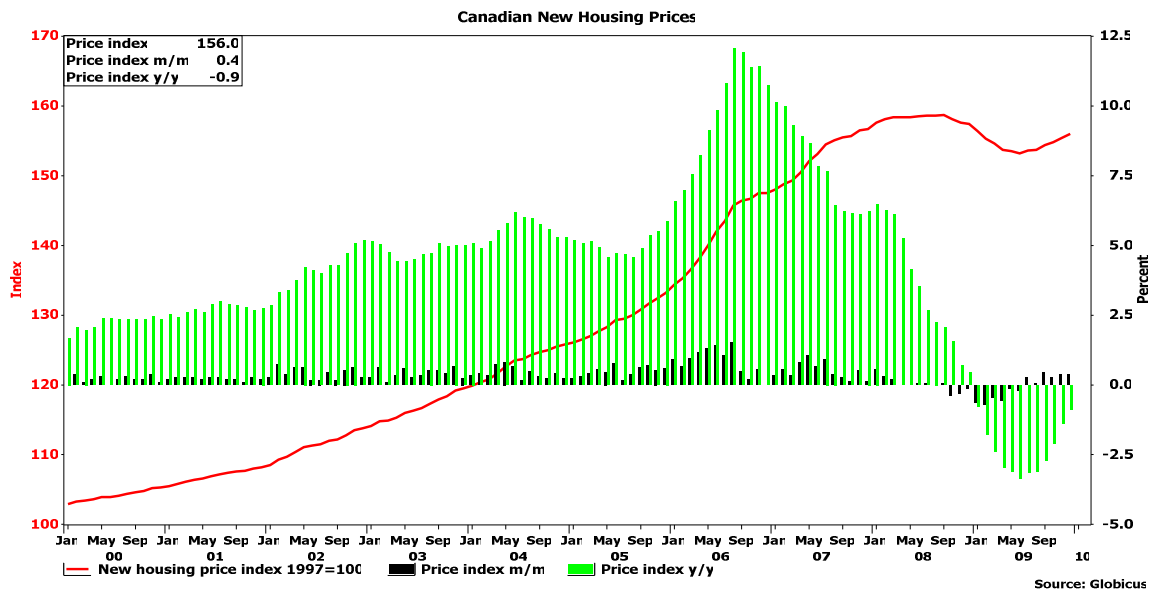
**Financial and Economic News and Comments**

**US & Canada**

- US companies are firing fewer workers in a sign labor-market conditions are improving amid continuing economic growth. Initial jobless claims in the week ending February 6 fell 43,000 to a lower-than-expected 440,000 from the previous week's upwardly revised 483,000, according to figures from the Labor Department. The 4-week moving average declined 1,000 to 468,500. Continuing claims in the week ending January 30 dropped 79,000 to 4,538,000, the fewest since January 2009, from the preceding week's upwardly revised 4,617,000. The 4-week moving average of those continuing claims decreased 17,750 to 4,603,500. The insured unemployment rate for the week ending January 30 was unchanged at 3.5%.

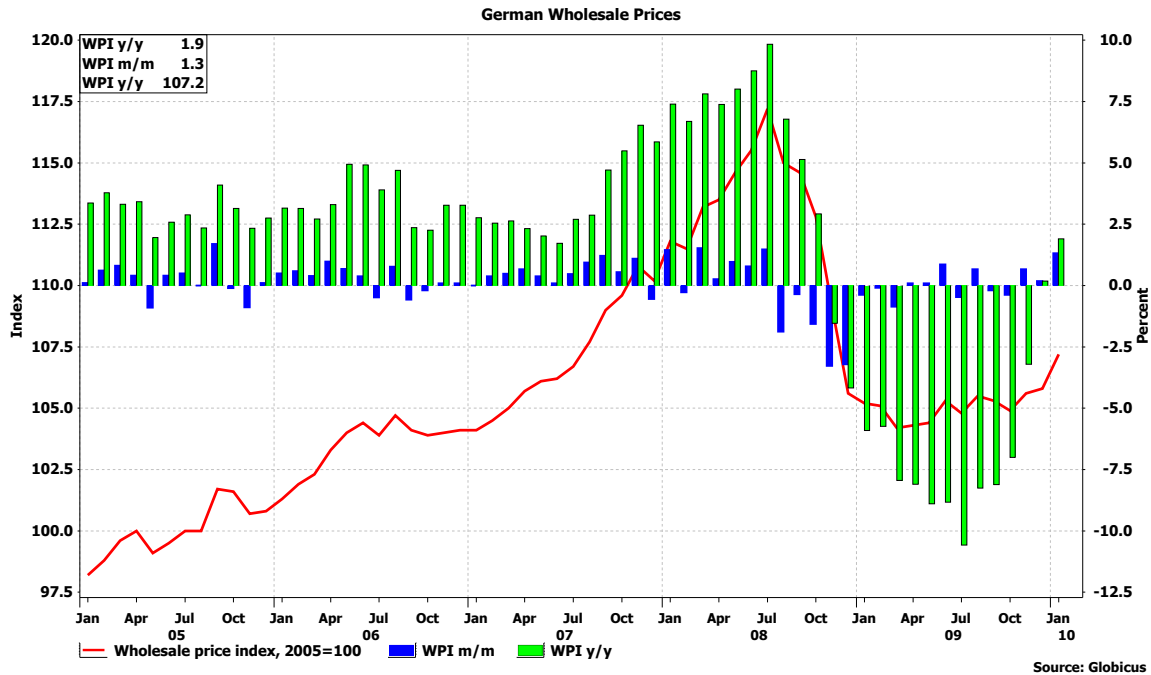


- Canada's new housing prices rose 0.4% m/m in December, a sixth straight month-on-month gain, after rising at the same rate in November, data from Statistics Canada showed. December new housing prices declined 0.9% y/y, easing from a 1.4% y/y November decrease, with continued year-on-year drops in Western Canada.



**Europe**

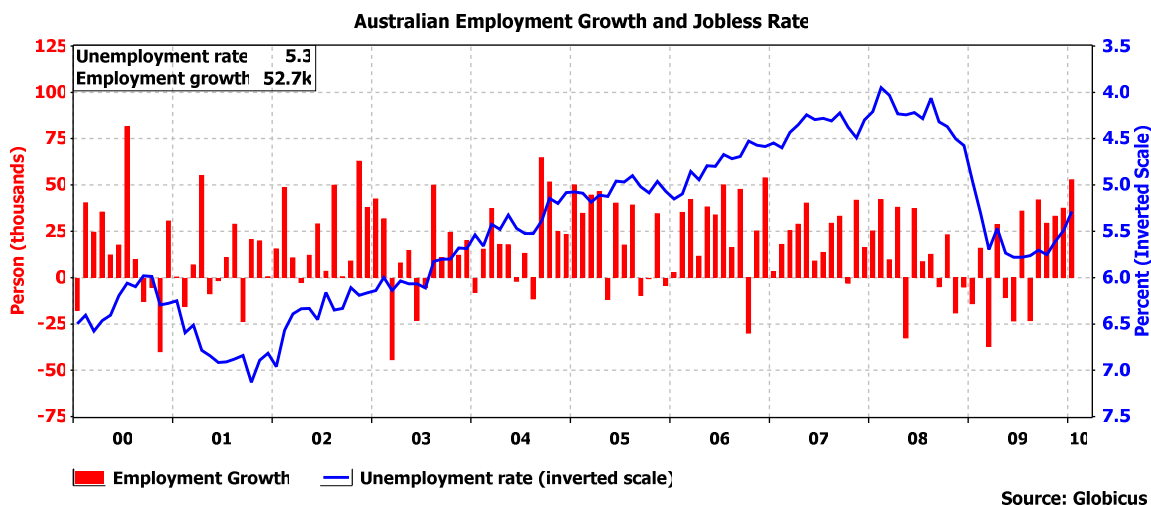
- German wholesale prices grew a more-than-expected 1.3% m/m in January, a third consecutive month-on-month rise, after a 0.2% m/m increase in December, according to data from the Federal Statistical Office. Wholesale prices posted a second year-on-year advance in January, rising 1.9% y/y, following a 0.2% y/y December increase.



- Switzerland's consumer prices declined a less-than-expected 0.1% m/m in January after a 0.2% m/m decrease in December, according to CPI data from the Swiss Federal Statistical Office. The consumer-price inflation rate rose to 1.0% y/y from December's 0.3% y/y.

**Asia-Pacific**

- Australia's seasonally adjusted employment jumped a much more-than-anticipated 52,700 in January, the largest gain since December 2006, to 10,966,300, after an upwardly revised 37,500 rise in December, figures from the Australian Bureau of Statistics showed. The unemployment rate fell to an 11-month-low 5.3% from December's 5.5%. Full-time employment climbed 15,900 to 7,652,200 in January and part-time jobs rose 36,900 to 3,314,200. The participation rate remained at 65.3%. The January employment boom increased bets the Reserve Bank of Australia will raise interest rates in March.



- Australia's median expected inflation rate declined to 3.2% in February from 3.5% in January, according to the latest Melbourne Institute survey of consumer inflationary expectations.
- China's consumer-price inflation rate decelerated to 1.5% y/y in January from 1.9% y/y in December, according to data the Statistics Bureau. Producer prices grew 4.3% y/y, the highest since October 2008. Property prices surged at the fastest rate in 21 months in January and lending of 1.39 trillion yuan (\$203 billion) exceeded the prior three months combined.

**FX Strategy Update**

	EUR/USD	USD/JPY	GBP/USD	USD/CHF	USD/CAD	AUD/USD	EUR/JPY
<b>Primary Trend</b>	Positive	Negative	Neutral	Negative	Negative	Positive	Neutral
<b>Secondary Trend</b>	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
<b>Outlook</b>	Negative	Positive	Negative	Positive	Positive	Negative	Neutral
<b>Action</b>	Sell	Buy	None	Buy	None	None	None
<b>Current</b>	1.3691	89.74	1.5702	1.0702	1.0499	0.8902	122.85
<b>Original Position</b>	1.4628	88.67	N/A	1.0340	N/A	N/A	N/A
<b>Objective</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Stop</b>	1.4360	87.30	N/A	1.0345	N/A	N/A	N/A
<b>Support</b>	1.3600	88.50	1.5550	1.0500	1.0450	0.8600	121.50
<b>Resistance</b>	1.3400	86.00	1.5300	1.0200	1.0250	0.8400	119.00
	1.3800	90.50	1.5900	1.0750	1.0800	0.9000	126.00
	1.4050	92.50	1.6100	1.0900	1.1000	0.9300	130.00

**Friday's Economic Calendar**

Time (EDT)	Region	Data	Period	Change	Forecast	Previous
0:00	Japan	Consumer confidence	Jan			37.9
0:00	Japan	Consumer confidence households	Jan		38.1	37.6
2:00	Germany	GDP sa	Q4 P	q/q	0.2%	0.7%
2:00	Germany	GDP wda	Q4 P	y/y	-2.2%	-4.8%
2:00	Germany	GDP nsa	Q4 P	y/y	-1.6%	-4.7%
5:00	EMU	Industrial production sa	Dec	m/m	0.2%	1.0%
5:00	EMU	Industrial production wda	Dec	y/y	-1.7%	-7.1%
5:00	EMU	GDP sa	Q4 A	q/q	0.3%	0.4%
5:00	EMU	GDP sa	Q4 A	y/y	-1.9%	-4.0%
5:00	UK	Conference Board leading economic index	Dec	m/m		0.9%
8:30	US	Retail sales	Jan	m/m	0.3%	-0.3%
8:30	US	Retail sales less autos	Jan	m/m	0.4%	-0.2%
9:55	US	Reuters/U. of Michigan consumer confidence index	Feb P		74.8	74.4
10:00	US	Business inventories	Dec	m/m	0.4%	0.4%

Notes: N/A=not applicable/not available, ar=annual rate, sa=seasonally adjusted, nsa=non-seasonally adjusted, wda=working days adjusted, 3 mths=3 months, m/m=month-on-month, q/q=quarter-on-quarter, y/y=year-on-year, ytd=year-to-date, m=million, b=billion, t=trillion, unch=unchanged, a=advance, p=preliminary, r=revised, f=final, GDP=gross domestic product, CPI=consumer price index, PPI=producer price index, PMI=purchasing managers index

**Hans Nilsson and Winnie Tapasanun**

**New York, February 11, 2010, 17:00 EDT**