



FX Strategy Briefing

February 12, 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

Dollar Supported by China's Tightening

- The dollar rose on Friday after the People's Bank of China surprised the markets by announcing further tightening of its monetary stance by raising banks' reserve requirement by 50 basis points to 16.50% for large banks on February 25, the second increase this year. US retail sales climbed more than expected while consumer sentiment unexpectedly fell. As the dollar pared earlier gains, the S&P 500 recovered most of its losses and closed at 1,075.51, down just 2.96. The USD/JPY rose to the 90.00 resistance and gained modestly for the week. The euro fell for a fifth straight week and touched the lowest level since May 2009, pressured by weak EMU economic growth and lack of details on the Greek rescue package. Sterling declined slightly today but gained for the first week in four. The Australian and Canadian dollars fell modestly today but rose from their oversold positions for the first week in five.
- After reaching the highest level since July 2009, the dollar index pared its gains and closed little changed for the week. The dollar index, although in a strong uptrend and about 8% above its December low, is overbought and below strong resistance in the 81 handle. There are support in the 79 area and important resistance in the 81 area. We expect a consolidation between the support and resistance.



*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.

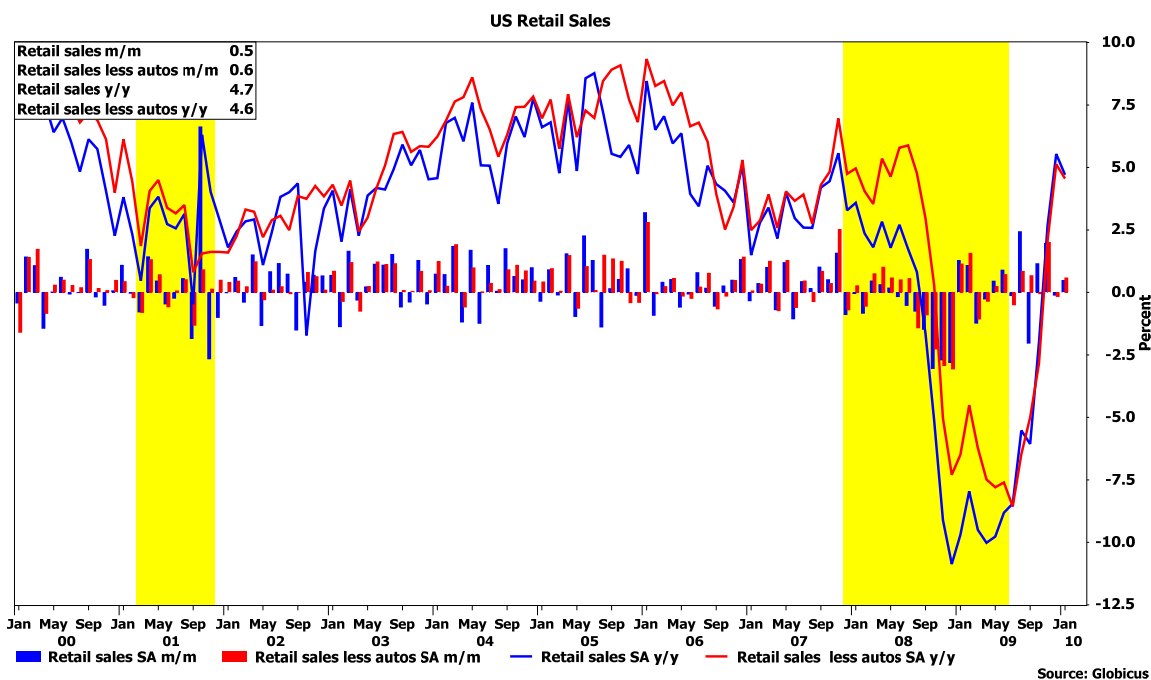
Past performance is not indicative of future results. Trading OTC Forex on margin carries a high level of risk, and may not be suitable for all investors. Please contact a registered trading advisor if you have any questions.

©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.

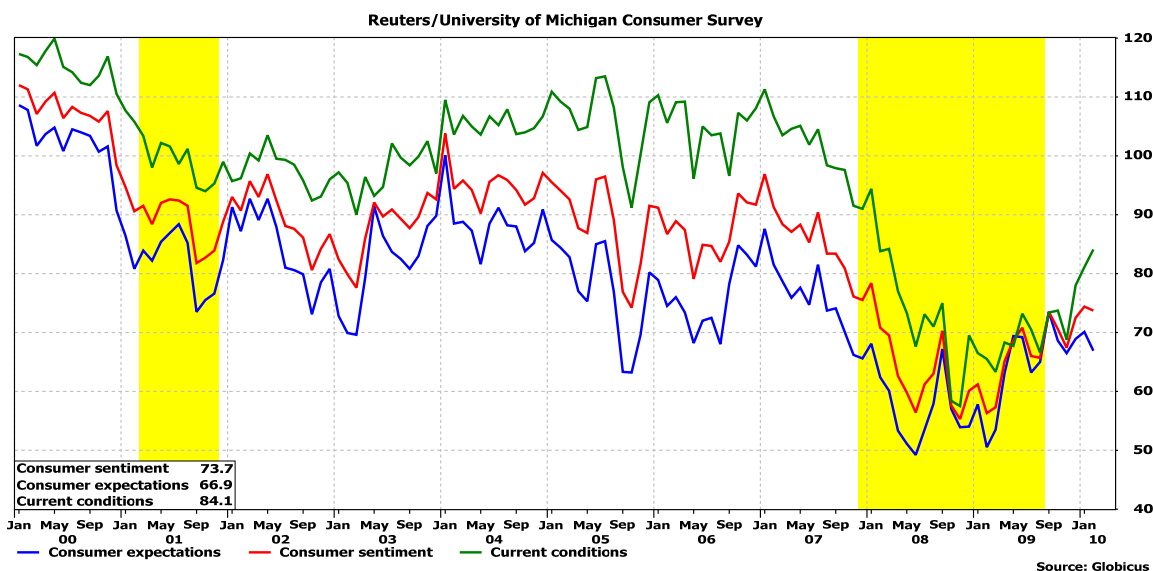
Financial and Economic News and Comments

US & Canada

- US retail sales rose a more-than-expected 0.5% m/m in January, the third rise in four months, to \$355.8 billion, after a revised 0.1% m/m decline in December, data from the Commerce Department showed. Retail sales excluding autos grew a more-than-expected 0.6% m/m, rebounding from December's 0.2% m/m decline. Retail sales rose 4.7% y/y in January and rose 4.6% y/y less autos.



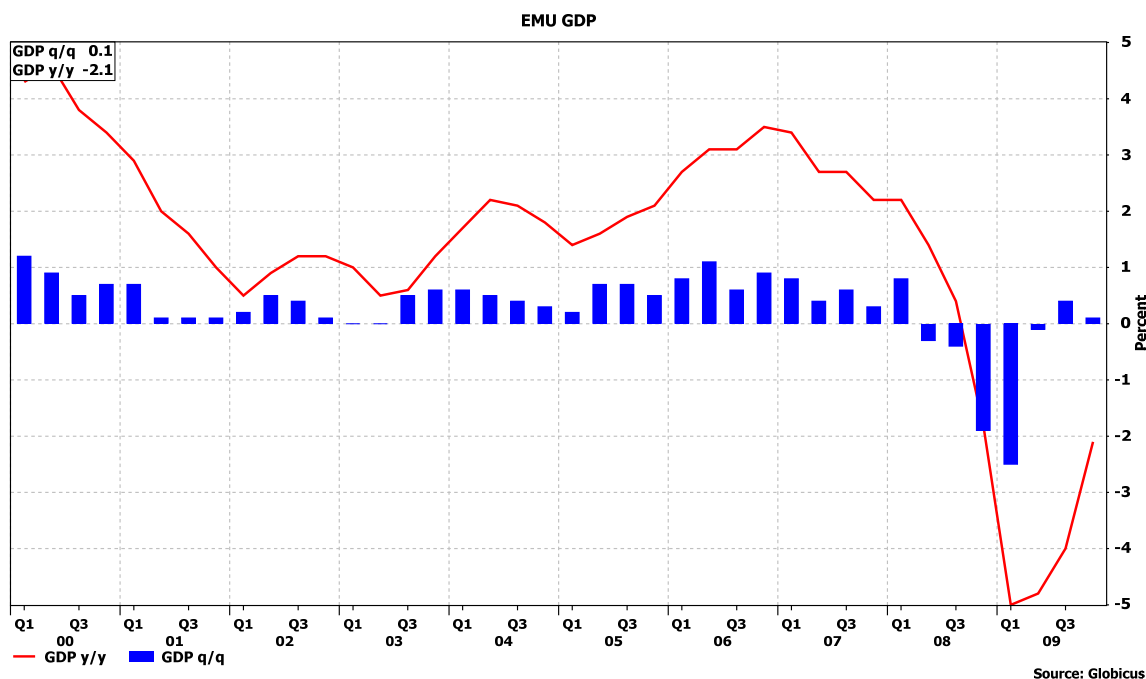
- The Reuters/University of Michigan preliminary consumer sentiment index slid to 73.7 in February from 74.4 in January, indicating US consumer confidence unexpectedly declined this month from January's 2-year high, according to the latest Thomson Reuters/University of Michigan surveys of consumers. The current economic conditions index increased to 84.1 in February from 81.1 in January while the consumer expectations index fell to 66.9 from January's 70.1.



- US business inventories unexpectedly slipped 0.2% m/m in December, the first decline in three months, to \$1,310.7 billion, after an upwardly revised 0.5% m/m increase in November, according to data from the Commerce Department. Business sales rose 0.9% m/m to \$1,040.4 billion, following November's upwardly revised 2.4% m/m gain. The inventories/sales ratio was 1.26 at the end of December, down from 1.27 in November and 1.46 in December 2008. Inventories fell 9.7% y/y in December while sales rose 4.7% y/y.

Europe

- Eurozone seasonally adjusted GDP increased a less-than-expected 0.1% q/q in Q4 2009, the second quarterly expansion since Q1 2008, after a 0.4% q/q increase in Q3, according to flash Q4 GDP estimates released by Eurostat. The Q4 GDP declined 2.1% y/y sa, easing from Q3's 4.0% y/y contraction. The economy contracted 4.0% over the whole year 2009.



- Eurozone seasonally adjusted industrial production unexpectedly slid 1.7% m/m in December, the largest decline in 10 months, after an upwardly revised 1.4% m/m gain in November, according to IP data from Eurostat. December IP fell 5.0% y/y wda, a 20th straight year-on-year fall; however, easing from a revised 6.9% y/y November slide. The average IP for 2009 dropped 14.9%, compared with 2008.
- Germany's seasonally adjusted GDP stagnated at 0.0% q/q in Q4 2009 after expanding 0.7% q/q in Q3 and 0.4% q/q in Q2, according to preliminary Q4 GDP data from the Federal Statistical Office. The Q4 GDP fell 2.4% y/y wda and 1.7% y/y nsa, easing from Q3's 4.8% y/y wda and 4.7% y/y nsa contraction.

Asia-Pacific

- The Japanese consumer confidence index excluding one-person households rose to a higher-than-expected 39.0 in January from 37.6 in December, indicating Japan's household confidence climbed for the first time in four months, data from the Cabinet Office showed. A number below 50 means pessimists outnumber optimists. Including one-person households, the consumer confidence index advanced to 39.4 in January from 37.9 the prior month.

FX Strategy Update

	EUR/USD	USD/JPY	GBP/USD	USD/CHF	USD/CAD	AUD/USD	EUR/JPY
Primary Trend	Positive	Negative	Neutral	Negative	Negative	Positive	Neutral
Secondary Trend	Negative	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Trend Outlook	Negative	Positive	Negative	Positive	Positive	Negative	Neutral
Action	Sell	Buy	None	Buy	None	None	None
Current	1.3616	89.98	1.5670	1.0764	1.0514	0.8867	122.52
Original Position	1.4628	88.67	N/A	1.0340	N/A	N/A	N/A
Objective	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stop	1.4360	87.30	N/A	1.0345	N/A	N/A	N/A
Support	1.3600	88.50	1.5550	1.0500	1.0450	0.8600	121.50
	1.3400	86.00	1.5300	1.0200	1.0250	0.8400	119.00
Resistance	1.3800	90.50	1.5900	1.0800	1.0800	0.9000	126.00
	1.4050	92.50	1.6100	1.0900	1.1000	0.9300	130.00

Monday's Economic Calendar

Time (EDT)	Region	Data	Period	Change	Forecast	Previous
	US	Holiday: Presidents' Day				
3:15	Switzerland	Producer & import prices	Jan	m/m	0.2%	0.1%
3:15	Switzerland	Producer & import prices	Jan	y/y		-2.5%
19:30	Australia	NAB business confidence	Jan			8
19:30	Australia	NAB business conditions	Jan			10
19:30	Australia	Reserve Bank of Australia meeting minutes				

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 12, 2010, 16:00 EDT