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USD/JPY Gains on BOJ Easing Speculation

- The dollar fell and riskier assets rose on Friday. US nonfarm payrolls declined less than expected in February despite harsh East Coast winter storms, pointing to improving US employment conditions and increasing prospects for strong US economic growth. Bond prices fell while gold and commodity prices climbed. The S&P 500 rose 15.73 to 1,138.70. The euro advanced today and gained modestly for the week. The Greek 10-year bond auction was three times oversubscribed. Sterling rose on Friday and pared most of its weekly decline as year-on-year UK PPI output climbed the most since December 2008. The Australian and Canadian dollars rose today and gained for the week, boosted by rising commodity prices.
- The USD/JPY surged on speculation that the Bank of Japan might be considering further monetary easing measures. The pair was also supported by yen short-term borrowing rates falling below dollar rates for the first time in 6 months. The USD/JPY failed to break its long-term downtrend despite several attempts. Today the pair reached its 50-day moving average. We expect a new test of its long-term downtrend and the 200-day moving average in the 92 area. A potential inverted head-and-shoulder bottom is developing, suggesting improving odds of a successful penetration of the downtrend. If this resistance is broken, the USD/JPY will turn very bullish.



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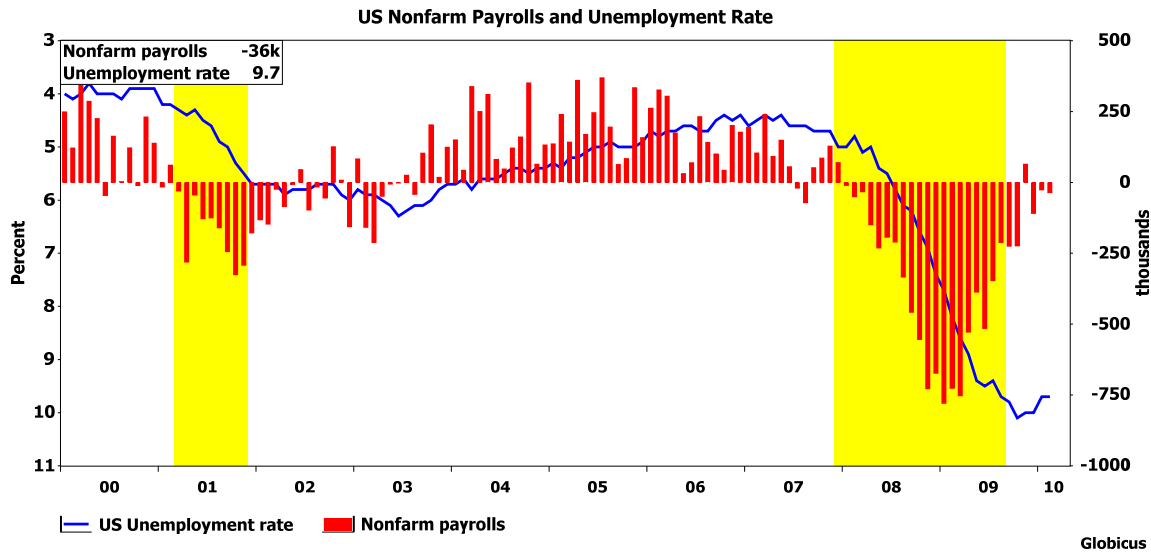
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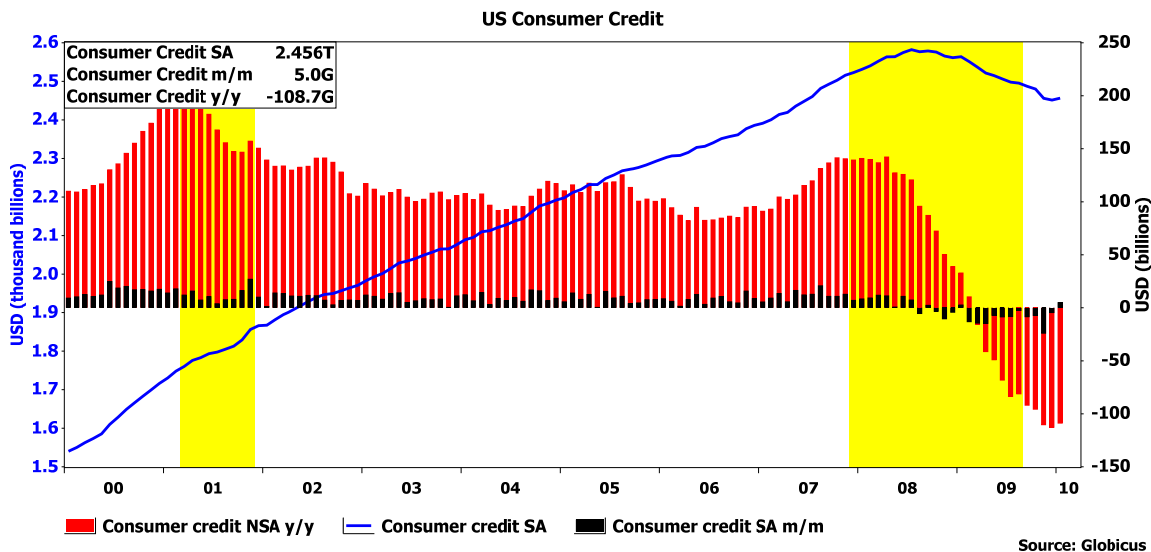
Financial and Economic News and Comments

US & Canada

- The US employment situation is better than anticipated despite severe East Coast snowstorms that could have affected payroll employment. Nonfarm payrolls fell a less-than-expected 36,000 in February after a revised 26,000 January decline that was larger than previously reported, figures from the Labor Department showed. The strongest employment increases were for temporary help services (+48,000) and education/health (+32,000). Manufacturing employment was up 1,000 in February, a second consecutive monthly increase, after an upwardly revised 20,000 gain in January. The largest payroll losses were in construction (-64,000) and local government (-31,000). The unemployment rate remained at 9.7% in February, the lowest since August. Average hourly earnings increased 0.1% m/m to \$22.46 in February and rose 1.9% y/y. Average weekly hours declined to 33.8 from January's 33.9.

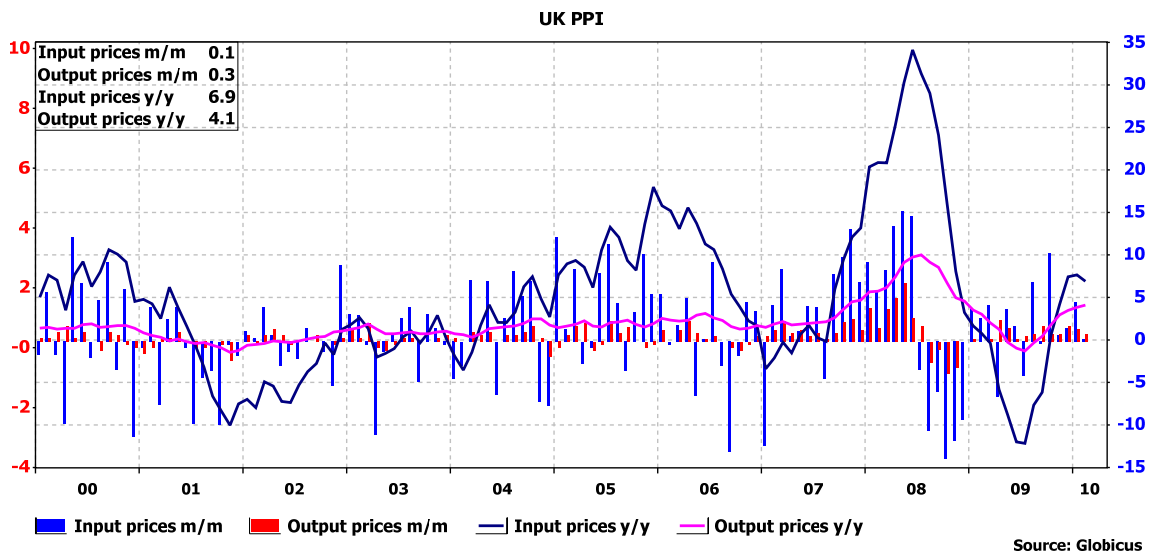


- US consumer credit unexpectedly rose \$5.0 billion in January, or 2.4% at an annual rate, the first rise in a year, to 2.456 trillion, after a revised \$4.6 billion December drop that was larger than previously reported, according to figures from the Federal Reserve.



Europe

- Germany's seasonally adjusted manufacturing orders rose a more-than-expected 4.3% m/m in January, the ninth gain in 11 months, led by rising demand for investment goods, after a revised 1.6% m/m decline in December, according to data from the Federal Ministry of Economics and Technology. January manufacturing orders jumped 19.6% y/y nsa, a third consecutive year-on-year gain, following a downwardly revised 7.3% y/y December advance.
- UK PPI output was up 0.3% m/m in February, a 12th consecutive monthly increase, reflecting price increases of chemical products, tobacco and alcohol items, and other manufactured products, after a 0.4% m/m advance in January, PPI data from the Office for National Statistics showed. February PPI output rose 4.1% y/y, the most since December 2008, following a 3.8% y/y January rise. Core PPI output grew 0.3% m/m in February after an upwardly revised 0.4% m/m advance the prior month. February core PPI output rose 2.9% y/y, the most since March 2009, following an upwardly revised 2.6% y/y January rise. PPI input increased 0.1% m/m in February, a fifth straight monthly gain, reflecting price rises of imported parts and equipment, chemicals and other imported materials, after a downwardly revised 1.3% m/m advance in January. February PPI input rose 6.9% y/y, a fifth consecutive year-on-year rise, following a downwardly revised 7.7% y/y January gain.



Asia-Pacific

- The Bank of Japan is likely to consider more monetary-easing measures at its next meeting, Nikkei English News reported.
- China's inflation may rise at 4.4% in 2010, according to the Bloomberg forecast. Premier Wen Jiabao may struggle to keep his 2010 inflation target of about 3.0%.

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	Positive	Neutral	Neutral	Neutral
Outlook	Neutral	Positive	Negative	Neutral	Neutral	Neutral	Neutral
Action	Sell	Buy	None	Buy	None	None	None
Current	1.3619	90.33	1.5145	1.0741	1.0303	0.9079	123.03
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	1.4060	87.30	N/A	1.0345	N/A	N/A	N/A
Support	1.3550	88.00	1.5000	1.0500	1.0250	0.8800	120.00
	1.3400	86.00	1.4800	1.0200	1.0000	0.8400	116.00
Resistance	1.3850	92.00	1.5200	1.0850	1.0400	0.9100	126.00
	1.4050	94.00	1.5500	1.1100	1.0600	0.9350	130.00

Monday's Economic Calendar

Time (EDT)	Region	Data	Period	Change	Forecast	Previous
0:00	Japan	Economy watchers survey: current	Feb			38.8
0:00	Japan	Economy watchers survey: outlook	Feb			41.9
1:45	Switzerland	Unemployment rate sa	Feb			4.1%
1:45	Switzerland	Unemployment rate nsa	Feb			4.5%
3:15	Switzerland	Real retail sales	Jan	y/y		4.7%
4:30	EMU	Sentix investor confidence	Mar			-8.2
6:00	Germany	Industrial production sa	Jan	m/m	1.2%	-2.6%
6:00	Germany	Industrial production nsa, wda	Jan	y/y	1.4%	-7.1%
9:00	Canada	Housing starts	Feb		191.0K	186.3K
19:01	UK	RICS house price balance	Feb			32%
19:01	UK	BRC retail sales – like-for-like basis	Feb	y/y	1.0%	-0.7%
19:01	UK	BRC retail sales – total basis	Feb	y/y		1.2%
19:30	Australia	NAB business confidence	Feb			15
19:30	Australia	NAB business conditions	Feb			3

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, LEI=leading economic indicators index, PPI=producer price index, PMI=purchasing managers index

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New York, March 5, 2010, 16:00 EDT

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