

USD higher, GBP collapses on UK election polls

FX Highlights

- The USD trading higher supported by report of weaker than expected PMI data from China and a denial from the German Chancellor Merkel of report of an imminent Greek bailout, EU, UK and Swiss PMI data comes in better than expected, GBP trades sharply lower pressured by UK election polls which show the Conservative's lead over Labor has fallen to two percentage points and in reaction to weak UK mortgage approvals, the UK election polls fuel concern about UK debt, strong Australian housing data offset by weaker than expected PMI data from China, JPY drifts lower as stocks rally
- Focus turns to today's release of US personal income and consumption, construction spending and domestic car sales and Canada's wholesale prices and GDP
- The WSJ reports of a Greek bailout plan estimated at 30bln, Greece to raise taxes and implement spending cuts, German Chancellor Merkel denies that a Greek deal is imminent
- China's February PMI declines to 52, a reading of 55.4 was expected
- Japan's February vehicle sales rise 20.4%, JPY lower
- Australia's January new home sales rose by 9.5%, February PMI rose by 2.8 points to 53.8, Q4 company profits rose by 2.2%, AUD lower
- EU manufacturing PMI rose to a 30 month high, January unemployment unchanged at 9.9%, EUR lower
- UK February home track house price index rose by 0.4%, February manufacturing PMI rose to 56.6 from a reading of 56.1 was expected, January consumer credit at 0.5bln, mortgage approvals at 48,198 compared to 58,223 last month, January mortgage lending at 1.529bln compared to 1.196bln last month, and January money supply rose by 0.4%, GBP lower
- Swiss February PMI rose to 57.4 from 56 last month, CHF lower
- Fed's Evans says 'extended period' for low rates means 3 or 4 meetings or six months
- World Bank and S & P officials warn of a double dip recession
- CFTC commitment traders released Friday showed that long USD positions are at their highest level since 2008
- US equity markets set to open higher, European equities 0.75% higher, Nikkei closed 46 points higher

Upcoming Events

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- **US** - Monday, January personal income and consumption will be released expected at 0.4% along with January construction spending expected at -0.7% compared to -1.2% last month and February domestic auto sales
 - **CAN** - Monday, January IPPI and RMPI will be released and December GDP expected at 0.4%

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