

USD lower, hope that the Greek crisis will be contained

FX Highlights

- The USD is trading mixed with light selling pressure attributed to speculation that Greece will not default on its debt, Reuters reports that Greece has decided to take extra austerity measures totaling \$6.5bln, Greece may turn to the IMF if the EU fails to give support, EUR rallied in reaction to the announcement of Greek austerity measures, EUR gains were limited by soft retail sales and PMI data and investor caution about the Greek budget plan, GBP supported by report of improving consumer confidence, stronger services PMI and uncertainty about the Prudential AIG deal, AUD traded lower despite strong Australian Q4 GDP
- Focus turns to today's release of US ADP employment and non-manufacturing ISM
- Greece plans to cut civil service pay and raise the sales tax, the Greek cabinet agrees to cost cuts totaling \$6.5bln(€4.8bln), S&P says it is less pessimistic on Greece
- Australia's Q4 GDP rose by 0.9%, February new vehicle sales rose 9.8%, AUD lower
- Japan's Finance Minister Kan says Japan is taking efforts to defeat deflation, JPY trades at its highest level since December
- UK February consumer confidence rose to 80 from 74 last month, February BRC shop prices rose 1.7%, February services PMI rose to 58.4 from 54.5 last month, UK service PMI expanded at its fastest pace since 2007, GBP higher
- EU January retail sales declined by 0.3%, February services PMI revised down 51.8 from 52, EUR higher
- Fed Kocherlakota says monetary policy must be attuned to worst case scenario and he sees a subdued recovery with growth near 3% over the next two years and unemployment will remain above 8% by the end of next year, he expects inflation to remain subdued, he sees low odds of the creation of a global currency
- Challenger Gray says job cuts fell 41% from January, February job cuts were 77% lower than a year ago, employers cut 42,090 jobs in February, job cuts at the lowest level since February 2006
- US equity markets set to open mixed, European equities mixed, Nikkei closed 31 points higher

Upcoming Events

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- **US** - Wednesday, February ADP employment will be released expected at -50k compared to -22k along with February non-manufacturing ISM expected at 51 compared to 50.5 last month
 - **CAN** - Wednesday, no major economic data is due for release from Canada today

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