

USD higher, Greek fiscal troubles may delay ECB exit

FX Highlights

- The USD is trading mixed with the JPY rising supported by a decline in risk appetite as Asian equity markets drop and the impact of the Greek austerity plan fades, Moody's says Greece must carry out the austerity plan perfectly or the Greek sovereign debt rating may be cut, the trade awaits today's result of the Greek bond auction and EU reaction to the Greek budget plan, the BOE elects to keep monetary policy and its asset purchase program on hold, GBP pressured by report of a drop in UK house prices, commodity currencies pressured by global growth concern, Australian trade deficit widens, ECB leaves monetary policy unchanged, EUR pressured by ongoing concern about the Greek fiscal outlook and weak Q4 GDP
- Focus turns to today's release of US jobless claims, productivity and unit labor costs factory orders and pending home sales, Canada's building permits and Ivey PMI and the ECB press conference, investors will be looking to the press conference to see whether the ECB adopts additional measures to withdraw stimulus or delays its exit strategy
- The BOE holds interest rates and asset purchases unchanged, February Halifax house price index declined by 1.5%, GBP mixed
- Australia's January trade deficit widens to 1.176bln, a 1.5bln deficit was expected, exports rose by 1% and imports declined by 3%, AUD lower
- Japan's Q4 CAPEX spending declined by 17.3%, BOJ's Noda rejects government calls for the BOJ purchase of JGB's, Noda says the BOJ bond buying may push long bond yields higher and additional quantitative ease won't lift prices, JPY higher
- EU Q4 GDP rose by 0.1%, EUR lower
- Moody's says Greek budget cuts are consistent with A2 negative outlook rating, the IMF welcomes new Greek austerity measures and said the 2010 fiscal package is very strong, French Finance Minister says Greece does not need any EU help at this time
- Fed's Lockhart says fresh data points to slow growth
- Beige book says economic activity improved in 9 of 12 districts, consumer spending has improved slightly, residential real estate markets are improving but commercial real estate remains weak, hiring has improved but labor markets remain soft, the February snowstorm slowed economic activity
- US postal service to cut 30k jobs and reduce overtime to reduce costs

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- US equity markets set to open mixed, European equities 0.25% lower, Nikkei closed 107 points lower

Upcoming Events

- **US** - Thursday, jobless claims for week ending 02/27 will be released expected at 470k compared to 496k last month along with Q4 productivity expected at 6.3% and Q4 ULC expected at -4.4%, January factory orders expected at 1.8% compared to 1% last month and January pending home sales index expected at 97.6 compared to 96.6 last month
- **CAN** - Thursday, January building permits will be released expected at 1% compared to 2.4% last month along with February Ivey PMI expected at 57 compared to 50.8 last month

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