

USD mixed, JPY lower on BOJ ease speculation

FX Highlights

- The USD is trading mixed ahead of today's US unemployment report with the JPY lower as the Nikkei traded 2% higher in reaction to report that the BOJ may be considering additional monetary policy ease, GBP mixed despite report of a jump in UK PPI, UK PPI is at a 14 month high, commodity currencies supported by improving risk appetite as global equity markets rally, EUR edged higher with gains limited by downgrade of Deutsche Bank and uncertainty about Greek fiscal outlook, Canada announces a freeze on spending
- Focus turns to today's release of US unemployment and nonfarm payrolls, investors expect a weak US employment report partly because of bad weather that hit most of the nation in February
- BOJ may be considering additional monetary policy ease and new liquidity operations, Japan's yield curve steepens in reaction to BOJ ease speculation, JPY lower
- UK February PPI rose by 4.1%/y/y, despite the rise in UK PPI the BOE expects inflation pressures to weaken in the months ahead, GBP mixed
- German January manufacturing orders rose by 4.3%, EUR gains limited by ongoing tensions with Greece, German press reports that Germany has no plans to aid Greece and ECB president Trichet discouraged Greece from seeking IMF aid, EUR higher
- Canada announces a five-year plan to cut spending, CAD mixed
- China's PM says that China would not bow to pressure to revalue the Yuan
- Feds Bullard says sovereign debt risks in Europe are key risk to the US economic outlook, he sees no risk of a downgrade of US sovereign debt rating
- ECB's Constancio warns that intervention may be needed if FX swings threaten price stability
- US February retail sales rose by the largest amount since November 2007
- Greek 10 year bond auction was three times oversubscribed, Moody's downgraded Deutsche Bank citing continuing fiscal concerns in the EU
- US equity markets set to open higher, European equities 0.75% higher, Nikkei closed 223 points higher

Upcoming Events

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- **US** - Friday, February unemployment will be released expected at 9.8% along with nonfarm payrolls expected at -50k and January consumer credit expected at -4.5bln compared to -1.7bln last month
 - **CAN** - Friday, no major Canadian economic data is due for release today

Michael J. Malpede

Chief Market Analyst, Easy Forex

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