

USD higher, GBP pressured by Moody's ratings warning

FX Highlights

- The USD is trading higher with GBP pressured by a Moody's rate cut warning, weak UK house price data and UK election polls which show the Conservatives and Labor party are running even, GBP was also pressured by Fitch's cautious outlook on the UK economy, EUR is trading lower pressured by a statement from the Greek PM that borrowing at high rates will not be sustainable and Greece needs EU and US help to prevent speculative selling of Greek bonds, Swiss CPI came in weaker than expected, commodity currencies trade lower pressured by a spike in risk aversion as equity markets weaken and in reaction to a sharp drop in the price of crude, JPY trades higher supported by risk aversion
- No major US or Canadian economic data due for release today
- Japan's January leading index rose 2.4 points, JPY higher supported by weaker equity market trade
- Australia's February NAB business conditions index rose to +8, February jobs ads +19.1%, AUD lower with downside limited by positive Australian jobs ads
- UK February RICS house price balance came in at 17, a reading of 30 was expected, February BRC retail sales rose 2.2%, UK January trade deficit widened to 7.9bln compared to 7.0bln last month, Moody's may cut UK banks as bailout support is withdrawn, GBP lower
- Swiss February CPI rose by 0.9%, CHF lower
- ECB's Stark warns of the risk of global stagflation and high levels of public debt place additional strains on monetary policy, ECB's Weber sees a weak recovery, EUR lower
- The IMF says that the Yuan may have to be revalued in the coming months, Chinese officials say they are committed to US debt and are concerned about the outlook for gold
- New York Fed says it will expand the number of counterparties to drain cash when the time is right
- NFIB small business optimism Index lost 1.3 points in February
- A Manpower survey says that hiring plans are in a holding pattern as a net 5% of employers said they expect to hire new workers in Q2
- US equity markets set to open lower, European equities 0.5% lower, Nikkei closed 18 points higher

Upcoming Events

- **US** - Tuesday, no major US economic data is due for release today

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- **CAN** - Tuesday, no major Canadian economic data is due for release today

Michael J. Malpede

Chief Market Analyst, Easy Forex

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