

USD mixed, GBP lower on weak UK industrial production

FX Highlights

- The USD is trading mixed with JPY pressured by BOJ ease speculation, GBP trades lower in reaction to report of weaker than expected UK industrial production, EUR edged higher supported by gains in cross to the JPY and GBP, EUR gains were limited by report of a sharp drop in German exports, China reports strong trade data with exports up 45.7% in February, commodity currencies trade higher in reaction to strong Chinese trade data
- Focus turns to today's US wholesale inventories and sales and the Treasury budget
- Japan's January core machinery orders declined by 3.7%, February corporate good prices rose by 0.1%, Reuters reports that the BOJ may ease policy next week, JPY lower
- Australia's March Westpac consumer confidence index rose by 0.2%, January housing finance declined by 7.9%, Q4 NAB small business index rose by 8 points to +13, AUD higher
- UK January production declined by 0.4%, UK Chancellor Brown says the UK will maintain its AAA credit rating, GBP lower
- German January industrial trade surplus narrowed to \$8bln from 13.4bln last month with exports down by 6.3%, EUR higher
- Fitch ratings agency says Greek deficit cutting plans can't be taken for granted
- The Fed's Evans said that weak labor market will make the Fed keep accommodative policy for some time, he noted that the length of time people stay unemployed was worrisome trend
- The Labor Department says that job openings jumped by 7.6% to 2.7mln in January, job openings are at an 11 month high and this is a sign that employers may be preparing to increase hiring
- According to the Employment Benefit Research Institute Americans are not prepared for retirement with 27% reporting that they have less than 1k in savings and 43k with less than 10k, this will force Americans to push back retirement as only 16k are confident they have saved enough money to retire
- Bloomberg Professional Global Confidence Index finds optimism about the USD at an 18 month high
- Blue Chip Economic Indicators raised their 2010 US GDP forecast to 3.1% from 3% and lowered the 2011 forecast by 0.1% to 3%
- US equity markets set to open mixed, European equities 0.25% higher, Nikkei closed 4 points lower

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Upcoming Events

- **US** - Wednesday, January wholesale inventories and sales will be released with inventories expected to rise by 0.2% and sales expected to rise by 0.7% along with the February Treasury budget expected at - 222bln
- **CAN** - Wednesday, no major Canadian economic data is due for release today

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