

USD higher, doubts about a Greek rescue plan

FX Highlights

- The USD is trading higher to start the week supported by a spike in risk aversion on concern about the outlook for China's economy and uncertainty about a Greek rescue plan, some EU finance ministers rule out aid for Greece at this time, USD is also supported by safe haven demand as Moody's warns that the US and UK are moving closer to losing their AAA debt ratings, GBP pressured by UK election polls which suggest that no parliamentary majority will emerge after the May general election, commodity currencies are trading mixed with CAD higher and the AUD lower
- Focus turns to today's release of US Empire manufacturing index, industrial production, capacity use and NAHB index
- China's PM Wen warns of possible double dip for the global economy and warned Washington not to meddle with China's currency policy, Wen says the Yuan is not undervalued
- Japan's February consumer confidence index rose 39.8 from 39 last month, JPY lower
- Reuters reports that French Finance Minister Lagarde says she is happy the EUR weakened and there is no need to bailout Greece at this time, EU Q4 employment fell by 0.2%, EUR lower
- Swiss February producer import prices declined by 0.3%, CHF lower and trades at a 17 month high versus the EUR
- UK Finance Minister Darling said that he will not rule out tax hikes to try to reduce the UK budget deficit, BOE's Barker sees possibility of another negative quarter of UK GDP, she ruled out the risk of a double dip recession for the UK, GBP lower
- RealtyTrac reports that borrowers continued to fall behind in their payments and 5mln to 7mln properties may be eligible for foreclosure, a new wave of housing troubles may be coming soon
- US sales tax rates are at a record high with the top tax at 12%
- CFTC commitment of traders for last week shows spec accounts cut US long positions for the second week in a row but added to EUR short positions
- US equity markets set to open lower, European equities 0.25% lower, Nikkei closed 72 points higher

Upcoming Events

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- **US** - Monday, March Empire manufacturing survey will be released expected at 22 compared to 24.9 last month along with February industrial production expected at 0.1% compared to 0.9% last month and February capacity use expected unchanged at 72.6 and March NAHB index expected unchanged at 17
 - **CAN** - Monday, no major Canadian economic data is due for release today

Michael J. Malpede

Chief Market Analyst, Easy Forex

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