

USD higher, Greek budget deficit revised higher

FX Highlights

- The USD is trading higher with the EUR pressured by ongoing worries about the Greek fiscal outlook as Greek credit spreads widen to a new record level and the Greek budget deficit is revised higher, GBP trades lower pressured by UK election polls which point to a hung parliament and report of record UK public borrowing in March, GBP downside was limited by report of higher than expected mortgage approvals and gains in cross trade to the EUR, commodity currencies trade lower in reaction to weaker equity markets and a dip in risk appetite, AUD trades lower in reaction to report of weaker than expected new vehicle sales, CAD trades lower pressured by a 1% decline in price of crude oil, JPY is trading higher tracking equities and the drop in risk appetite with gains limited by Fitch warning on Japan's sovereign debt
- Focus turns to today's release of US jobless claims, PPI and existing home sales and Canada's leading index
- Greek/German 10 year bond spread widens to record 519bps, Greek 2009 budget deficit revised to 13.6% of GDP from 12.7%, EUR lower
- Japan's March trade surplus came in at ¥948.9bln, exports rose by 43.5%, imports rose by 20.7%, Fitch warns that Japan's sovereign debt rating is at risk from rising government debt, IMF says Japan may need to consider new stimulus measures, JPY higher
- Australia's March new vehicle sales fall 2.7%, AUD lower
- UK public sector borrowing rises to a record level in March of 23.49bln, March retail sales rose by 0.4%, mortgage approvals rise to 52k from 48k last month, GBP lower
- The IMF increased its global forecast to 4.2% and says the EUR is somewhat overvalued and major currencies of indebted nations may need to weaken, says Yuan substantially undervalued
- US mortgage applications rose in week ending April 16th as mortgage rates slide
- US equity markets set to open lower, European equities 1% lower, Nikkei closed 140 points lower

Upcoming Events

- **US-Thursday**, initial jobless claims for week ending 04/17 will be released expected at 455k compared to 484k last week along with March PPI expected at 0.4% compared to -0.6% last month and March existing home sales expected at 528k compared to 502k last month

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- **CAN**–Thursday, March LEI will be released expected unchanged at 0.8%

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