

Daily FX Report

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Tuesday, August 05, 2008

Good morning from Hamburg. Yesterday, the price of oil fell below \$120 per barrel for the first time since the beginning of May. This could be a sign, indicating the break of the energy bubble (we sure hope so!). Today, the US Federal Open Market Committee rate decision sits in foreground, but the markets don't predict any change.

Market review

The **USD** rose against the **EUR** as oil remains weak, hovering near a 3 month low below \$120 a barrel, hit yesterday. The dollar is also supported by rising concerns about the European economy, as investors are increasingly wary of a possibility of the European economy losing its momentum, following in the US's footsteps. The EUR/USD has dipped slightly, and is currently being traded at 1.5530, and the USD/JPY has also faced a slight drop, currently down to 107.96.

RBNZ Gov Bollard reiterated that he sees possibilities for further interest rate cuts as an offset to a weakening economy. He said in an interview that price pressures remain elevated, mainly due to high oil and food costs, but are expected to ease and bring inflation back within the central banks target band over the medium term. Last month, the RBNZ cut interest rates by a quarter of a point to 8%, in its first policy easing in 5 years to support an economy widely seen to be in a recession.

The Australian Central Bank is expected to keep its interest rates on hold at a 12 year high of 7.25 % as its board meets on Tuesday. However, pressure is mounting for a rate cut as a host of data screams of distress among households and businesses, though analysts are prepared to wait a few months for the first easing in 7 years.

CHF/JPY

The CHF/JPY has been trading in a range between 103 and 104.75 since the beginning of June. Although the rate broke through the support, it came back up within the range. Another sign for a new rise is the candle with the fuse, which lets us assume that the currency pair could rise.



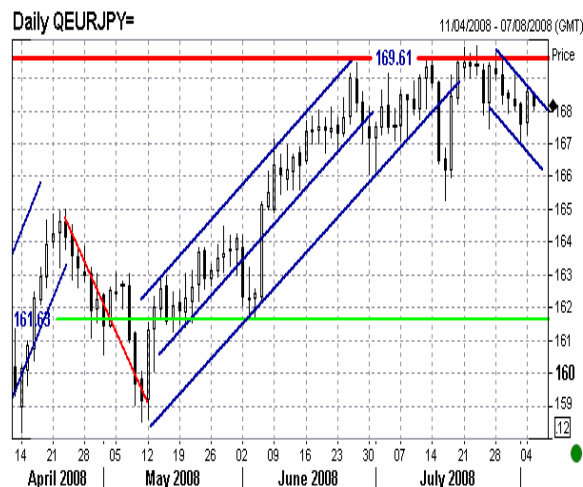
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EUR/JPY

After the increase of the EUR/JPY between May and mid of July, the rate hit a resistance at 169.61. Now we see a downward trend channel where the pair traded on the upper side of the channel. This could be a sign for further losses.



Pivot Points - Daily FX Support and Resistance Levels

Currency	Support 2	Support 1	Pivotpoint	Resistance 1	Resistance 2
EUR / USD	1.5508	1.5542	1.5586	1.5620	1.5664
USD / JPY	107.12	107.67	107.98	108.53	108.84
GBP / USD	1.9495	1.9554	1.9657	1.9716	1.9819
USD / CHF	1.0398	1.0441	1.0473	1.0516	1.0548
AUD / USD	0.9245	0.9267	0.9307	0.9329	0.9369
CAD / USD	1.0222	1.0296	1.0333	1.0407	1.0444
NZD / USD	0.7227	0.7258	0.7295	0.7326	0.7363
EUR / AUD	1.6648	1.6704	1.6735	1.6791	1.6822
EUR / CAD	1.5910	1.6028	1.6095	1.6213	1.6280
EUR / CHF	1.6282	1.6305	1.6329	1.6352	1.6376
EUR / GBP	0.7856	0.7899	0.7922	0.7965	0.7988
EUR / JPY	166.73	167.68	168.23	169.18	169.73
GBP / CHF	2.0413	2.0485	2.0603	2.0675	2.0793
GBP / JPY	211.53	211.89	212.38	212.74	213.23



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Daily Calendar & Key FX Events

Date	Time (GMT)	Economic Indicator	Last
05.08.2008	07:55	DE Market Services PMI	52,1
05.08.2008	08:00	EZ RBS/Market-composite PMI	49,3
05.08.2008	08:30	GB Industrial output mm	-0,8
05.08.2008	08:30	GB Manufacturing output mm	-0,5
05.08.2008	09:00	EZ Retail sales mm	1,2
05.08.2008	12:55	USRedbook mm	1,2
05.08.2008	18:15	USFOMC rate decision	2

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