

November 19, 2008

Capital Market Services, LLC
350 Fifth Avenue, Suite 6400
New York, NY 10118
www.cmsfx.com
trading@cmsfx.com

Prepared by Hans Nilsson and Winnie Tapasanun
www.globicus.com

Dollar and Yen Gain as Dow Falls to 5-Year Low

- The dollar and yen rose after more bleak economic data pushed stocks lower on Wednesday. US consumer-price inflation fell the most since records began in 1947 and US housing starts dropped to the lowest level since records started in 1959. The Dow industrials closed below 8000, the lowest close since 2003. The yen rose against all major currencies as investors sold risky assets funded by low-cost loans in the Japanese currency. The euro fell, testing support at the 1.25 handle. The Canadian and Australian dollars declined after the leading economic indicators for Canada and Australia showed the likelihood of recessions. The Federal Reserve's prediction that the US recession will last until mid-2009 does not bode well for commodity prices.
- The GBP/USD was little changed despite lower US stock prices and minutes of the Bank of England meeting this month indicating BOE policy makers were prepared to cut interest rates further to revive the UK economy. The last few days' relative strength may just indicate that the pair is oversold. The GBP/USD is still in a clearly defined downtrend, the UK is in a recession and the BOE will likely cut rates further. Major support exists in the 1.44-area and major resistance in the 1.55-area. We moved our stop to 1.5850.

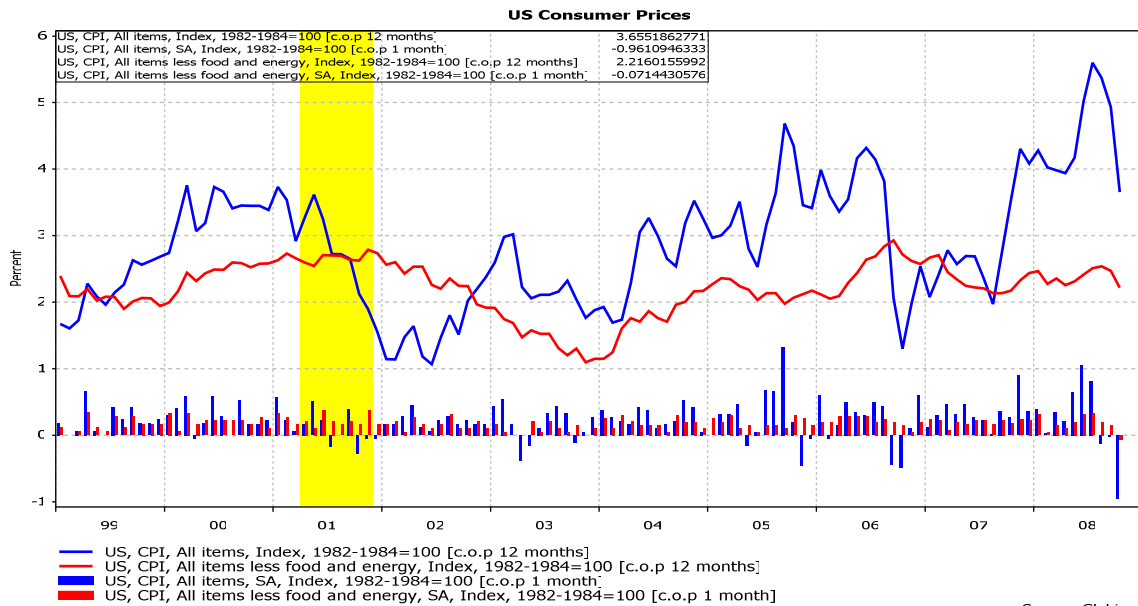


©2004-2007 Globicus International, Inc. and Capital Market Services, L.L.C. This report is intended solely for distribution to customers of Capital Market Services, L.L.C. Any information in this report is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Capital Market Services, L.L.C. with regard to the accuracy of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Capital Market Services, L.L.C. accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this report. No part of this report may be reproduced or distributed in any manner without the permission of Globicus International, Inc.

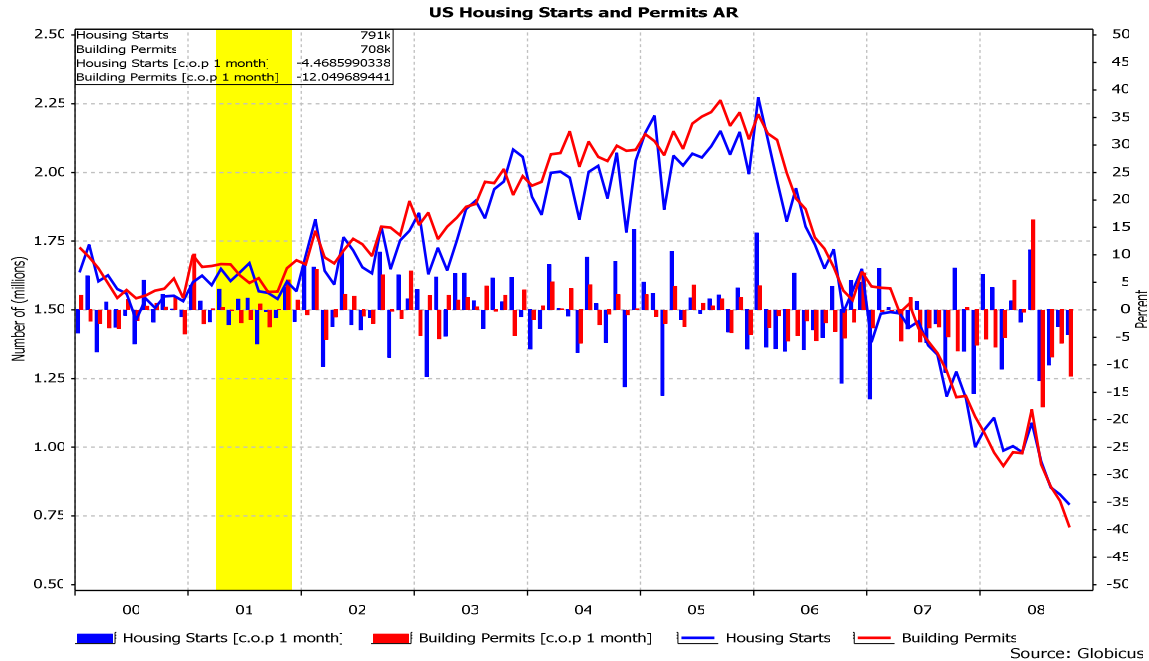
Financial and Economic News and Comments

US & Canada

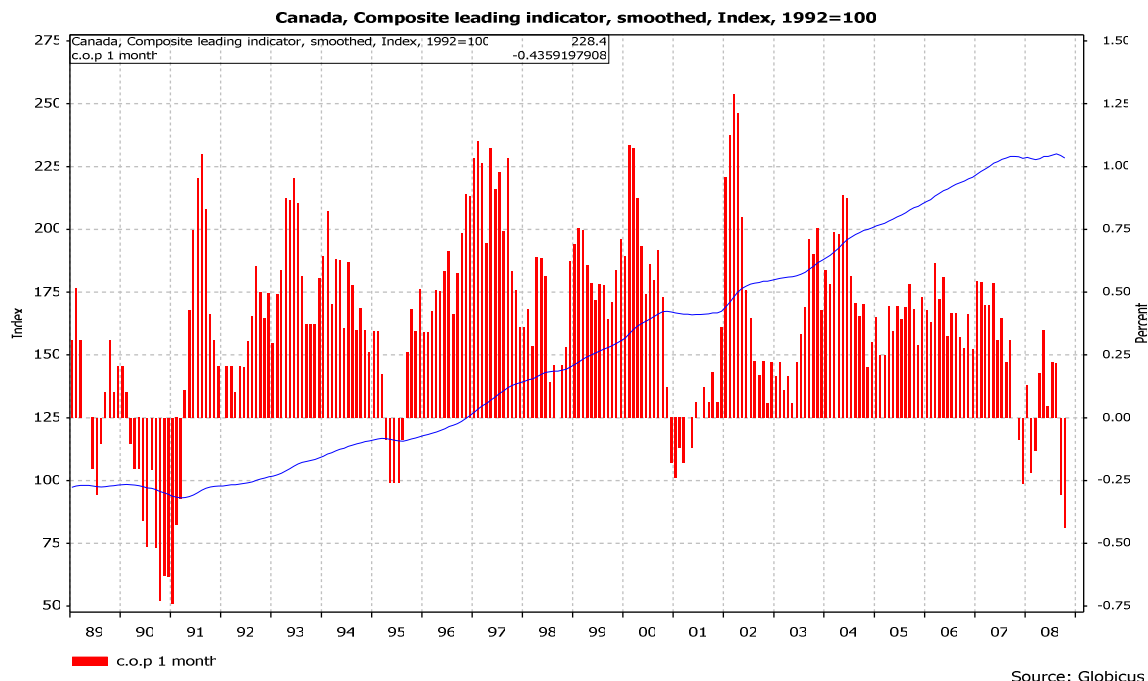
- The US consumer price index declined 1.0% m/m in October, the largest drop since February 1947, after unchanged in September, the Labor Department said. Energy prices, which dropped 8.6% m/m, were the main reason for the October CPI month-on-month decline. The CPI rose 3.7% y/y. The core CPI, which excludes food and energy, fell 0.1% m/m in October after increasing 0.1% m/m in September. The core CPI rose 2.2% y/y. Real average hourly earnings increased 1.5% m/m in October but fell 0.4% y/y.



- US housing starts fell 4.5% m/m in October to 791,000 units at an annual rate, beating the consensus expected 780,000 rate, data from the Commerce Department showed. Housing starts dropped 38.0% y/y. Single-unit starts declined 3.3% m/m, and multi-family starts fell 6.8% m/m. Housing starts dropped in the Northeast and Midwest, but increased in the South and West. Building permits fell 12.0% m/m in October to 708,000 units at an annual rate, well below the consensus expected 774,000 rate. Single-family permits dropped 14.5% m/m in October, down 43.3% y/y. The dismal figures show housing starts are now the lowest since 1959 and building permits the lowest since 1960.



- Federal Reserve policy makers last month predicted the US economy will contract through mid-2009, with some prepared to lower interest rates further, according to minutes of the October 28-29 Federal Open Market Committee meeting, released Wednesday. “Members anticipated that economic data over the upcoming intermeeting period would show significant weakness in economic activity, and some suggested that additional policy easing could well be appropriate at future meetings. In any event, the Committee agreed that it would take whatever steps were necessary to support the recovery of the economy,” the Fed said in the minutes. “Participants generally expected the economy to contract moderately in the second half of 2008 and the first half of 2009, and agreed that the downside risks to growth had increased,” the minutes read. Regarding inflation, some Fed officials “saw a risk that over time inflation could fall below low levels consistent with the Federal Reserve’s dual mandate of price stability and maximum employment,” while some felt “more aggressive easing should reduce the odds of a deflationary outcome,” according to the minutes.
- The US unemployment rate will rise to 7.1%-7.6% in 2009 from 6.3%-6.5% in 2008, according to the Fed’s economic forecasts.
- Canada’s composite leading economic index fell 0.4% m/m in October on the stock-market plunge, following September’s downwardly revised 0.3% m/m decline, Statistics Canada reported.



Europe

- Eurozone construction output fell 1.3% m/m in September, following August's upwardly revised 0.4% m/m increase, Eurostat reported. The construction output contracted 3.8% y/y, following August's upwardly revised 1.7% y/y decline.
- The outlook for UK manufacturing output in the next three months was the weakest since 1980, according to the latest CBI industrial trends survey.
- The Bank of England's Monetary Policy Committee voted unanimously to slash the bank rate 1.5 percentage points to 3% at its meeting earlier this month, and discussed an even bigger rate cut, according to minutes of the November 5-6 MPC meeting, released Wednesday. According to the minutes, the committee was revising downward its inflation projection so sharply that a much larger rate cut – two percentage points or more – would be needed to prevent inflation from falling too far below the inflation target in the immediate term. However, the MPC was concerned as the minutes noted that “too large a surprise could pose upside risks to the inflation target if the resulting depreciation of sterling was excessive. There was a risk that such a move might be misinterpreted as a change in the Committee's reaction function, which would damage the credibility of the inflation target.”
- Bank of England Deputy Governor Sir John Gieve said further interest-rate cuts may be needed. “Our latest medium term projections for inflation show inflation remaining below target in the medium term and suggest further reductions may be necessary,” he said.
- The European Commission is working with the 27 EU states on a €130 billion (\$164 billion) package to revive the recessionary eurozone economy, German government officials said.

Asia-Pacific

- Japan's all-industry activity index declined 0.1% m/m in September, in-line with expectations, following August's upwardly revised 1.7% m/m decrease, data from the Ministry of Economy, Trade and Industry showed. The tertiary industry index fell 0.6% m/m in September following August's 1.3% m/m decline, while the manufacturing index increased 1.3% m/m following August's 4.1% m/m fall.
- Australia's leading economic index fell 1.0% m/m to 258.4 points in September after declining 0.1% m/m in August, Westpac Banking Corp. and the Melbourne Institute reported. The growth rate of the index slowed to

©2004-2008 Globicus International, Inc. and Capital Market Services, L.L.C. This report is intended solely for distribution to customers of Capital Market Services, L.L.C. Any information in this report is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Capital Market Services, L.L.C. with regard to the accuracy of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Capital Market Services, L.L.C. accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this report. No part of this report may be reproduced or distributed in any manner without the permission of Globicus International, Inc.

1.1% y/y in September from 2.5% y/y in August. The coincident index, a measure of the current state of the economy, was flat in September at 236 points following August's 0.3% m/m increase. The growth rate of the coincident index was 2.0% y/y, lower than its long-term trend of 3.7% y/y. The figures signal Australia may slip into a recession.

FX Strategy Update

	EUR/USD	USD/JPY	GBP/USD	USD/CHF	USD/CAD	AUD/USD	EUR/JPY
Primary Trend	Negative	Neutral	Negative	Positive	Positive	Negative	Negative
Secondary Trend	Negative	Negative	Negative	Positive	Positive	Negative	Negative
Outlook	Neutral	Neutral	Negative	Neutral	Neutral	Neutral	Neutral
Action	Sell	None	Sell	None	None	None	None
Current	1.2493	95.80	1.4952	1.2130	1.2515	0.6386	119.70
Original Position	1.3803	N/A	1.7383	N/A	N/A	N/A	N/A
Objective	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stop	1.3260	N/A	1.5850	N/A	N/A	N/A	N/A
Support	1.2400	94.80	1.4750	1.1500	1.2000	0.6350	115.00
Resistance	1.2000	92.00	1.4400	1.1000	1.1500	0.6000	110.00
	1.3000	100.00	1.5500	1.2200	1.2550	0.7000	130.00
	1.3500	103.00	1.6000	1.2500	1.3000	0.7500	135.00

Thursday's Economic Calendar

Time (EDT)	Region	Data	Period	Change	Forecast	Previous
	Japan	Bank of Japan target rate			0.30%	0.30%
2:00	Germany	Producer prices	Oct	m/m	-0.7%	0.3%
2:00	Germany	Producer prices	Oct	y/y	7.2%	8.3%
4:30	UK	Retail sales	Oct	m/m	-0.9%	-0.4%
4:30	UK	Retail sales	Oct	y/y	1.4%	1.8%
8:30	Canada	Wholesale sales	Sep	m/m	-0.5%	-1.5%
8:30	US	Initial jobless claims	Nov 15		505K	516K
8:30	US	Continuing claims	Nov 8		3.900M	3.897M
10:00	US	Philadelphia Fed business index	Nov		-38.0	-37.5
10:00	US	Leading indicators	Oct		-0.6%	0.3%

Notes: N/A=not applicable/not available, ar=annual rate, sa=seasonally adjusted, nsa=non-seasonally adjusted, 3 mths=3 months, m/m=month-on-month, q/q=quarter-on-quarter, y/y=year-on-year, ytd=year-to-date, m=million, b=billion, t=trillion, unchanged, a=advance, p=preliminary, r=revised, f=final

Hans Nilsson and Winnie Tapananun
New York, November 19, 2008, 17:22 EST