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## USD/CAD Testing Resistance

- The dollar closed the week lower against its rivals on Friday as China renewed its call for a new international reserve currency based on the IMF's SDR. US personal income jumped more than expected and consumer sentiment rose to the highest level since February 2008. The S&P 500, little changed for the week, declined 1.36 points to 918.90. The USD/JPY fell but closed above the 94.50 support as Japan's consumer prices fall at a record pace. The GBP/USD closed above the 1.65 handle but below the 1.66 resistances. The EUR/USD was supported by China's call for a "super-sovereign" reserve currency. The AUD/USD rose for a fourth day after finding support from its uptrend. Next week the market will focus on US employment data that will be released on Thursday due to the Independence Day holiday.
- Unable to penetrate the resistance from its long-term downtrend, the USD/CAD fell modestly for a second day. Highly correlated with risky assets, the pair fell to a low on June 2, which coincided with a high in the CRB index. The recent consolidation in commodities and stocks has pushed the USD/CAD higher. The pair has also been supported by Bank of Canada Governor Mark Carney's comment that an appreciating loonie hurts a Canadian economic recovery. If the resistance from the downtrend is broken, the USD/CAD will rise to 1.18 or 1.20.

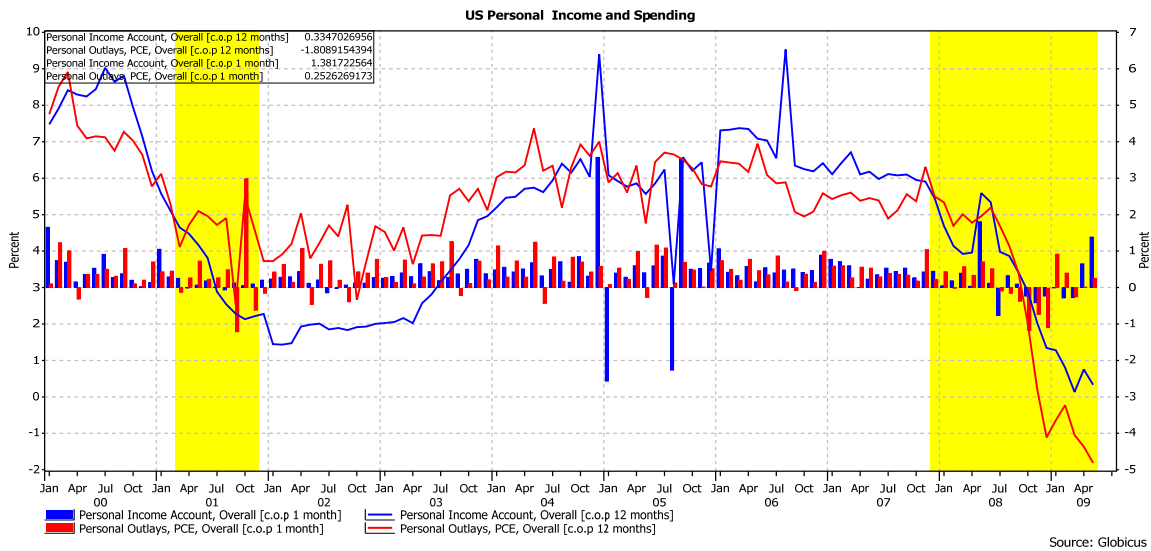


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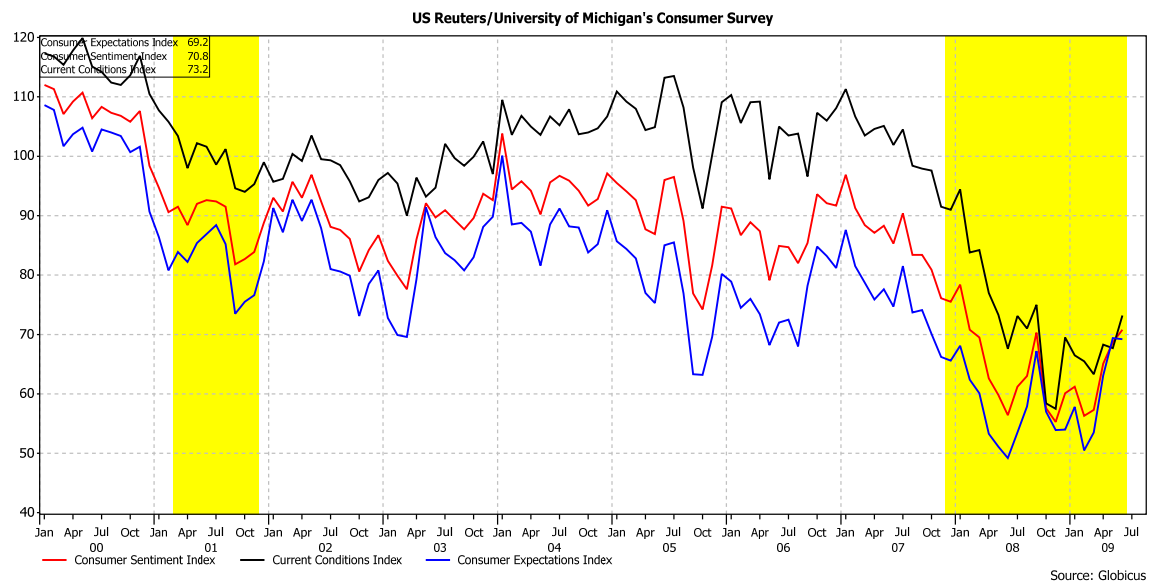
**Financial and Economic News and Comments**

**US & Canada**

- US personal income rose a more-than-expected 1.4% m/m in May, the most in a year, after an upwardly revised 0.7% m/m increase in April, driving the savings rate to 6.9%, the highest level since December 1993, while personal spending was up 0.3% m/m in May, the first gain in three months, after April's upwardly revised 0.0% m/m, figures from the Commerce Department showed. Personal income increased 0.3% y/y while personal spending declined 1.8% y/y. The rise in May personal income reflected tax cuts and social security payments from the Obama administration's stimulus plan. Disposable personal income was up 1.6% m/m in May, up 0.2% y/y. The personal consumption expenditure deflator was up 0.1% m/m in May, up 0.1% y/y. The core PCE deflator, which excludes food and energy, was also up 0.1% m/m in May, up 1.8% y/y.



- The Reuters/University of Michigan US consumer sentiment final index for June rose to 70.8 from a preliminarily reported 69.0, indicating US consumer confidence rose for a fourth consecutive time and to the highest level since February 2008, following 68.7 in May, Reuters and University of Michigan reported. The current conditions index climbed to 73.2 in June, the highest since September, from 67.7 in May, while the consumer expectations index slightly declined to 69.2 from 69.4.

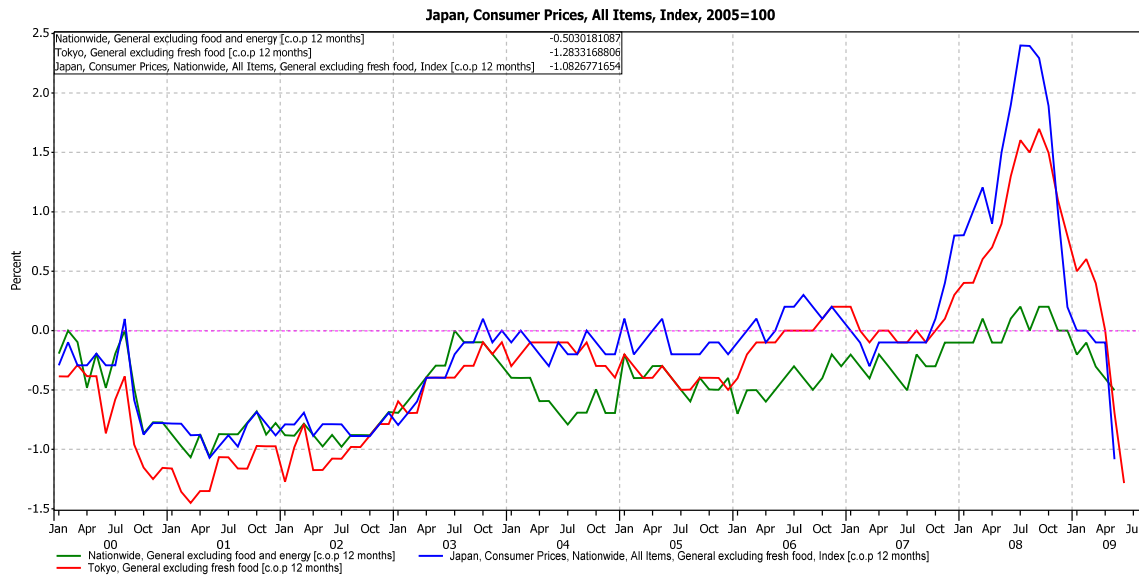


**Europe**

- Germany's consumer prices, calculated using a harmonized European Union method, increased 0.4% m/m in June, while the annual inflation rate remained at zero for a second month, the lowest rate since harmonized records started in 1996, preliminary June CPI data from Federal Statistical Office showed.
- Germany's import prices were unchanged m/m in May after a 0.8% m/m decline in April, the Federal Statistical Office said. May import prices fell 10.4% y/y, the largest year-on-year drop in more than 12 years.
- Switzerland's KOF leading indicator for June increased more than expected to -1.65 from May's upwardly revised -1.85, according to data from the Konjunkturforschungsstelle Swiss Institute for Business Cycle Research.

**Asia-Pacific**

- Japan's core consumer prices, which exclude fresh food, fell 1.1% y/y in May, as forecast and the deepest decline since records began in 1971, after a 0.1% y/y slide in April, CPI data from the Statistics Bureau showed. The CPI excluding food and energy declined 0.5% y/y in May, as estimated and the fastest pace in 22 months. Tokyo's core CPI fell a more-than-expected 1.3% y/y in June after a 0.7% y/y decline in May. The CPI figures suggest deflation is deepening in Japan.



- Japan's all industry activity index rose a more-than-expected 2.6% m/m in April, indicating Japanese businesses increased spending for the month, after an upwardly revised 1.8% m/m decline in March, according to data from the Ministry of Economy, Trade and Industry.

## FX Strategy Update

	EUR/USD	USD/JPY	GBP/USD	USD/CHF	USD/CAD	AUD/USD	EUR/JPY
<b>Primary Trend</b>	Neutral	Neutral	Negative	Neutral	Neutral	Neutral	Neutral
<b>Secondary Trend</b>	Positive	Neutral	Positive	Negative	Negative	Positive	Positive
<b>Outlook</b>	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
<b>Action</b>	Sell	Buy	Buy	None	None	Buy	None
<b>Current</b>	1.4068	95.19	1.6523	1.0812	1.1539	0.8067	133.90
<b>Original Position Objective</b>	1.3904	95.69	1.4845	N/A	N/A	0.6601	N/A
<b>Stop</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Support</b>	1.4235	93.40	1.5860	N/A	N/A	0.7670	N/A
<b>Resistance</b>	1.3750	94.50	1.5900	1.0600	1.1000	0.7800	128.00
	1.3550	91.00	1.5500	1.0400	1.0800	0.7500	125.00
	1.4100	99.50	1.6600	1.1000	1.1600	0.8200	139.00
	1.4300	101.00	1.7000	1.1300	1.2000	0.8500	142.00

## Monday's Economic Calendar

Time (EDT)	Region	Data	Period	Change	Forecast	Previous
4:00	EMU	Bloomberg retail PMI	Jun			47.1
4:00	Germany	Bloomberg retail PMI	Jun			46.3
4:30	UK	Net consumer credit	May		0.3B	0.3B
4:30	UK	Net lending sec. on dwellings	May		1.0B	1.0B
4:30	UK	Mortgage approvals	May		46K	43K
5:00	EMU	Business climate indicator	Jun		-3.00	-3.17
5:00	EMU	Economic confidence	Jun		71.0	69.3
5:00	EMU	Consumer confidence	Jun		-30	-31
5:00	EMU	Industrial confidence	Jun		-32	-34
5:00	EMU	Services confidence	Jun		-23	-23
8:30	US	Chicago Fed national activity index	May			-2.06
10:30	US	Dallas Fed manufacturing index	Jun			-21.5%
19:01	UK	GfK consumer confidence	Jun		-25	-27
19:15	Japan	Nomura/JMMA manufacturing PMI	Jun			46.6
19:30	Japan	Jobless rate	May		5.2%	5.0%
19:30	Japan	Job-to-applicant ratio	May		0.45	0.46
19:30	Japan	Household spending	May	y/y	-1.5%	-1.3%
21:00	Australia	HIA new home sales	May	m/m		0.5%
21:30	Australia	Private sector credit	May	m/m	0.2%	0.1%
21:30	Australia	Private sector credit	May	y/y	4.2%	4.6%
21:30	Japan	Labor cash earnings	May	y/y	-3.0%	-2.7%

Notes: N/A=not applicable/not available, ar=annual rate, sa=seasonally adjusted, nsa=non-seasonally adjusted, wda=working days 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, GDP=gross domestic product, CPI=consumer price index, PPI=producer price index, PMI=purchasing managers index

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New York, June 26, 2009, 16:00 EST

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