

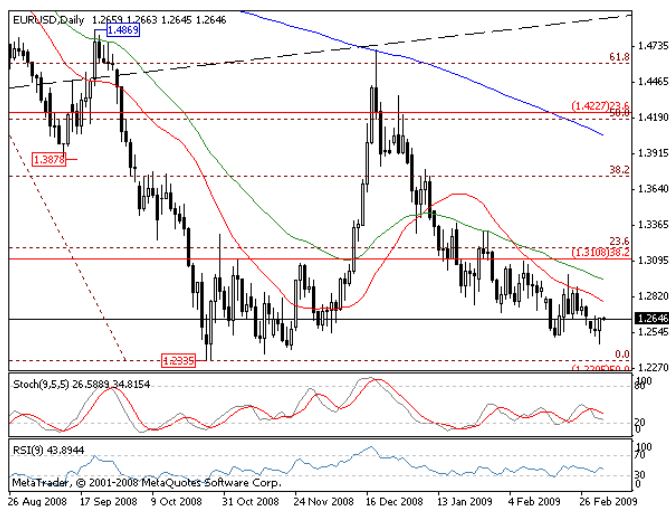
Dollar Falls After China Brought Back Investors' Optimism

The dollar rose against the yen to a four-month peak on Wednesday reaching 99.06 yen after news around the latest economic stimulus in China and data suggesting the economy of the country is beginning to recover boosted the world indices. The comeback of investors' optimism accompanied by higher risk appetite put the greenback under pressure against the euro, sterling and the higher-yielding currencies such as the Australian and New Zealand dollars. The single currency rose to \$1.2644, while the pound advanced to \$1.4171. China announced it would increase infrastructure and manufacturing spending, which was cheered by the market participants. Separately, the Chinese manufacturing index showed an improvement for a third straight month. The good news managed to overshadow the negative data from the ADP private sector employment, which reported another drop by 697 000, which was more than the expected -620 000. Today, investor will be entirely focused on the European Central Bank's and Bank of England's interest rate decisions and a 50 basis point cut by both of them is expected. In addition, the market will watch closely ECB for indications suggesting adopting unconventional measures for boosting the money supply and the growth.

EUR/USD

The short term picture remains neutral as the pair consolidates in a narrow range between 1.2500 and 1.2650. So far the level at 1.2460 shows support to the downward movement, and if broken successfully next targets will be the supports at 1.2420 and 1.2310. On the upside, if the key resistance at 1.3100, which is 38.2% fibo retracement of the 0.8350-1.6034 rise, is broken successfully next targets will be the resistances at 1.3320 and 1.3760.

Support	1.2460	1.2420	1.2310
Resistance	1.3100	1.3320	1.3670



USD/JPY

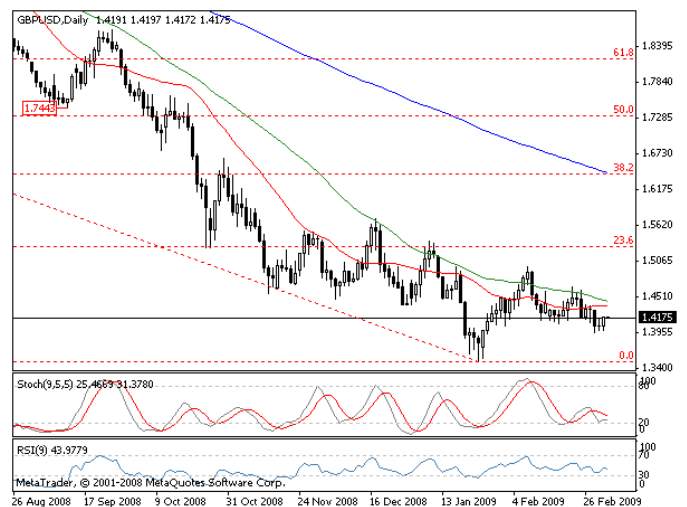
The short picture remains positive as the pair managed to break the key resistance level at 98.70, which is 50.0% retracement of the 110.62-87.12 drop, and which coincides with the 200-days SMA. There is a potential for a strong rise but so far the upward movement is limited by the resistance at 99.30. If broken successfully, next targets will be the resistances at the psychological level 100.00 and 103.00. On the downside, support is seen at 98.60, followed by 97.00 and 96.00, which is 38.2% retracement of the mentioned drop.



Support	98.60	97.00	96.00
Resistance	99.30	100.00	103.00

GBP/USD

The short term picture remains neutral as the pair consolidates near the resistance level at 1.4350, which coincides with the 26-days SMA. So far the downward movement is limited by the support at 1.4000. If broken successfully next targets will be the supports at 1.3670 and 1.3500. On the upside, above 1.4350, resistance is seen at the psychological 1.4500 and 1.5000.



Support	1.4000	1.3670	1.3500
Resistance	1.4350	1.4500	1.5000

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