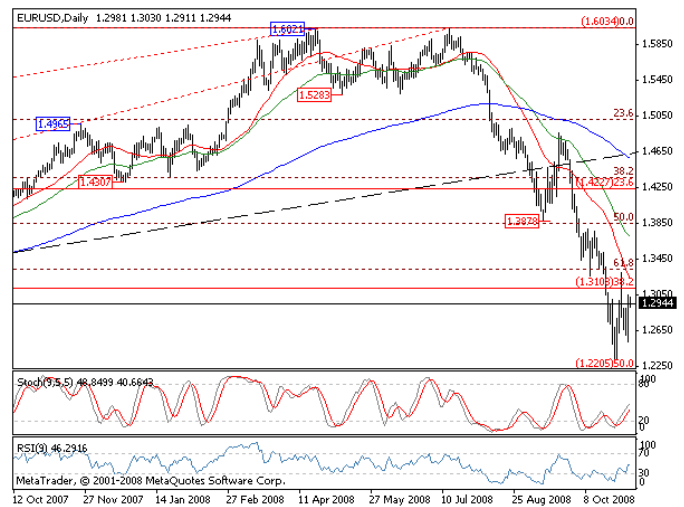


The Dollar strong against the yen but weak vs the euro and pound

The euro moved sharply higher against the U.S. dollar as the single currency tested levels around the 1.3048. The common currency moved high two days before the European Central Bank to take decision to reduce interest rates by 50bps for the second time in two months. Data released in the eurozone producer prices decline for the second consecutive month, off 0.2% m/m and up 7.9% y/y. EMU-15 officials see 2009 GDP growth around 0.1%, down from the 1.2% expansion expected this year. The yen depreciated versus the U.S. dollar as the greenback tested offers around the ¥99.70 level. Bank of Japan cut rates last week and reduced its GDP growth forecasts for the fiscal year to March 2009, now predicting virtually no growth at all. The euro also moved higher against the yen as the single currency reached levels around the ¥128.00. The British pound moved higher using the weakness of the U.S. dollar as cable tested offers around the US\$ 1.5960 level.

EUR/USD

The short term picture worsened as the euro continued to go far from the key resistance level at 1.3320, which is 61.8% retracement of the 1.1640-1.6035, and which pushed the pair down around 1.2600 levels. So far first target will be the resistance at the psychological 1.3000, followed by the key 1.3320. A successful break of 1.3320 will give us a signal that the positive mid-term trend is resumed and will target 1.3680. On the contrary, the negative risk remains and on the downside support is seen at 1.2500, followed by 1.2340 and the psychological 1.2000.



Support	1.2500	1.2340	1.2000
Resistance	1.3000	1.3320	1.3680

USD/JPY

The short term picture turned to positive as the pair traded above the resistance level at 98.70, which is 23.6% retracement of the 124.12-90.90 drop. The level was overcome and now the target is on the next key resistance level at 103.50, which is 38.2% retracement of the mentioned drop. A successful test of 103.50 will give us a signal that the mid-term uptrend has resumed. On the contrary, if the downside risk remains, the rise will appear to be just a corrective one. On the downside support is seen at 95.75, followed by 90.85 and 85.00.



Support	95.75	90.85	85.00
Resistance	103.50	105.50	107.50

GBP/USD

The short term picture remains negative. But the pair stopped the drop from previous session and seems to go for back test of resistance at 1.6650, which is 23.6% retracement of the 2.1150-1.5266 drop. If broken successfully, next targets will be 1.6900 and the key level at 1.7510, which is 38.2% retracement of the mentioned drop. The downside risk remains, as far as, the pair holds below 1.7510, and its overcoming will give us a signal the mid-term positive trend has resumed. On the downside support is seen at 1.5600, followed by 1.5420 and 1.5270.



Support	1.5600	1.5420	1.5270
Resistance	1.6650	1.6900	1.7510

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