

The retail sales data tumbled the US dollar

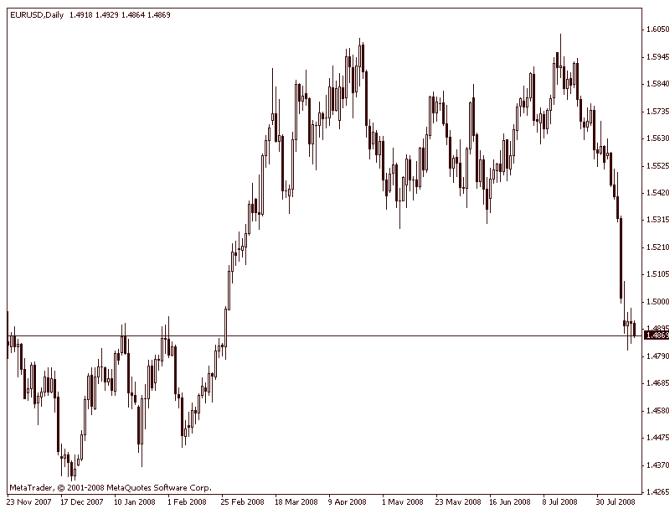
The euro traded in range versus the US dollar as data released in the US saw July retail sales off 0.1%, their first decline in five months. July import prices were up 1.7% m/m, down from a revised 2.9% in June, and up 21.6% y/y - the fastest pace in nearly three decades. June business inventories were up 0.7%, the largest gain since January, and up 5.6% y/y. In eurozone news, the EMU-15 quarterly business climate index fell to 61.9 in Q3 from 76.3 in Q2 with pullbacks in the current economic situation. The German media reported German Q2 GDP slowed to 0.7% q/q.

The yen depreciated against the US dollar as data released in Japan saw the June current account surplus falling 67.4% y/y, the fourth consecutive monthly decrease. Exports data revealed gross exports decline for the first time in thirteen quarters in the past quarter and this resulted in the first contraction in economic growth in the April – June period.

The British pound continued to lose ground versus the US dollar as Bank of England predicted inflation will fall back to target. BoE Governor King reported there will likely be one or two quarters of negative economic growth in the UK. There are expectations the GDP growth will improve in 2009. In fact, the BoE sees UK CPI growth peaking at 4.8% by Q4. Other data saw the July jobless persons rise by 20 thousands, the sixth consecutive monthly rise.

EUR/USD

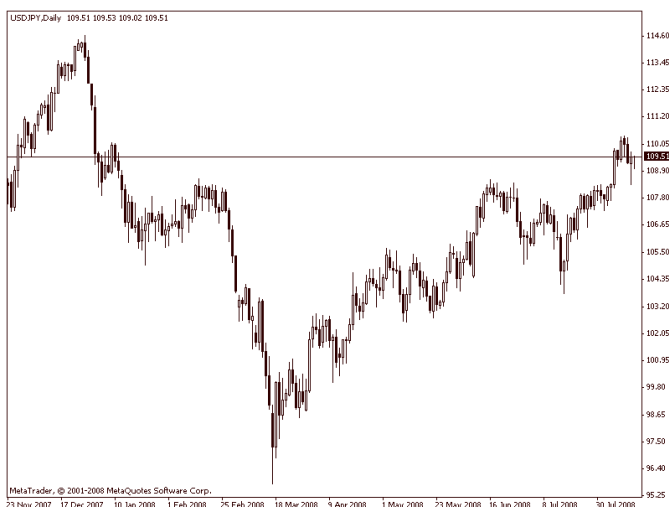
The dollar rose modestly against the euro and traded close to the key resistance level at 1.5000. Overcoming of this level will open a potential for further rise to 1.5150, followed by 1.5300. On the downside, resistance is seen at 1.4850, followed by 1.4700 and 1.4525.



Support	1.4850	1.4700	1.4525
Resistance	1.5000	1.5150	1.5300

USD/JPY

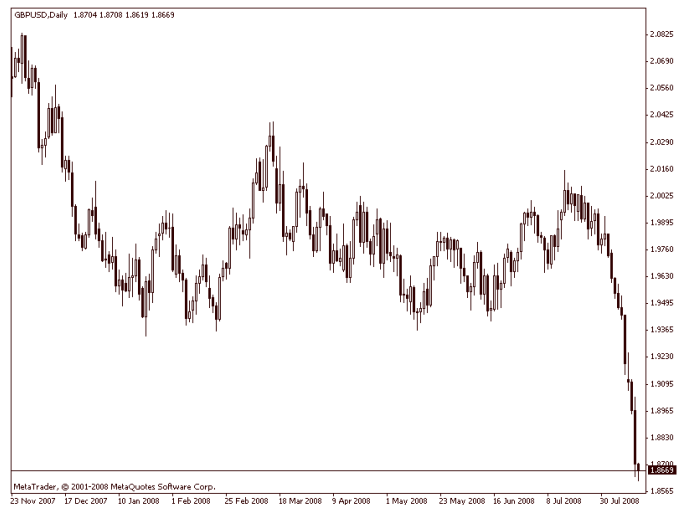
The pair rose after reached the short term support at 108.30 and probably will resume the significant rise from the previous days. The short term picture remains unchanged and the level at 110.50 continues to show resistance to the upward movement. If broken successfully, next resistances will be 111.20 and 113.40. On the downside, support is seen at 108.30, followed by 107.90 and 107.30.



Support	108.30	107.90	107.30
Resistance	110.50	111.20	113.40

GBP/USD

The negative trend for the sterling remains and the pair moves towards the next short term support at 1.8586 and broke the previous one at 1.8960. If broken successfully, next supports will be 1.8170 and 1.8000. If the upward movement is resumed, on the upside, resistance is seen at 1.8885, followed by 1.9075 and 1.9170.



Support	1.8586	1.8170	1.8000
Resistance	1.8885	1.9075	1.9170

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