

DAILY FX ANALYSIS – July 23, 2008, 11:00 a.m./GMT+3/

The dollar headed upwards

The dollar rallied on Tuesday, boosted by a steep drop in oil prices and comments from a Federal Reserve official suggesting that U.S. interest rates may have to rise even before financial markets recover. Philadelphia Fed President Charles Plosser said in a speech yesterday in Pennsylvania, that the U.S. central bank should raise interest rates “sooner rather than later.”

The greenback advanced the most against the euro in more than two weeks yesterday, after the Secretary of the Treasury – Henry Paulson said he expects Congress to approve a plan to support Fannie Mae and Freddie Mac. Paulson said that he is “confident” that lawmakers will pass the bill to “boost confidence” in Fannie Mae and Freddie Mac, the largest sources of U.S. mortgage financing. He reiterated that a strong dollar is “really very important.”

September crude oil futures tumbled more than \$6 to trade as low as \$128.40 a barrel, helping boost the dollar. Crude oil has fallen \$21.64, or 14.7%, from a record \$147.27 hit on July 11.

The Canadian dollar declined 0.9 percent to C\$1.0085 per U.S. dollar yesterday, the biggest drop this month, as oil prices fell. Commodities such as oil and gold make up half of the country's exports.

Today from Canada we are expecting the inflation progress for the last month and from Britain we will look for the minutes from the last meeting of Bank of England.

TECHNICAL OVERVIEW

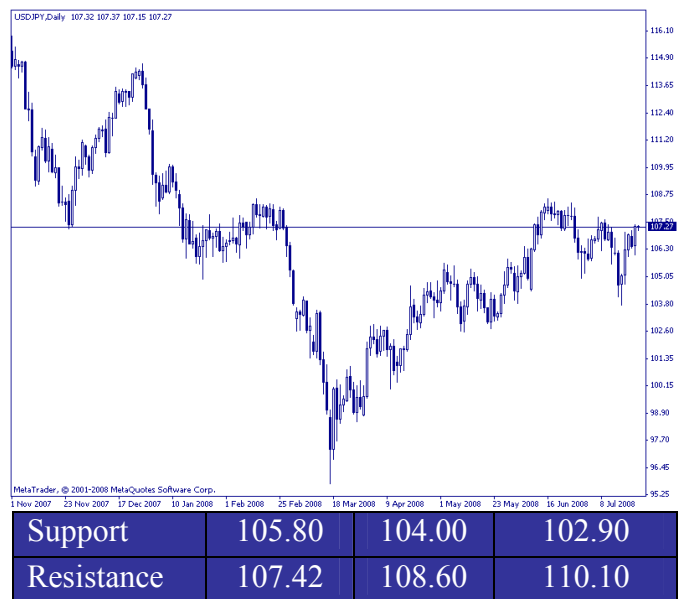
EUR/USD

The dollar rose the most against the euro in more than two weeks, as closing the day under 1.58. If the euro reverses the trend it will meet resistance at 1.5890 and 1.5950, before reaching the record levels above 1.60. On downside direction, the euro will expect support from 1.5800, followed by 1.5615 and 1.5350.



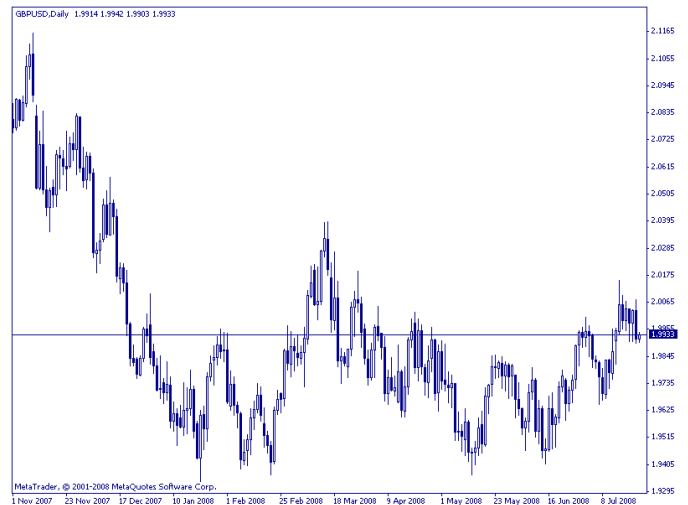
USD/JPY

The dollar rallied against the yen and closed above 107 for first time in two weeks. Today first resistance U.S. currency is still expected at 107.42, which is 61.8% Fibon retracement of the 114.63-95.75 movement. Break upon this level will move the target to the 7 mount high at 108.60. On the downside, first support is expected at 106.75, followed by 104.00 and 102.90.



GBP/USD

The sterling also fell versus the dollar, but its trading in range. On the downside supports are expected at 1.9880 and 1.9757 which are respectively 50.0% and 382% Fibo retracement of the 2.0394-1.9364 movement. New gain from the sterling will expect first resistance at 2.0050, followed by 2.02000 and 2.0394.



Support	1.9880	1.9757	1.9670
Resistance	2.0050	2.0150	2.0394

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