

DAILY FX ANALYSIS – July 24, 2008, 11:00 a.m./GMT+3/

The dollar extended its gains versus the euro and yen

Yesterday the dollar was higher against the euro and yen, rising to 1.5669 and 107.90, respectively. The dollar continues to benefit from renewed confidence stemming from government measures to support Fannie Mae and Freddie Mac. The crude oil prices also supported the greenback, by falling with 5% to \$124 per barrel.

The euro extended its losses against the dollar, falling to a two week low. The much weaker than expected industrial orders from the Eurozone, drag the single currency lower. They posted a 3.5% decline in May versus a 2.5% increase a month earlier and a 4.4% fall, compared with 11.7% a year earlier.

The yen dropped to a fresh all-time low against the euro, just shy of the 170-level and a 7½-month low versus the sterling 215.85. The catalyst for the broad-based currency decline was a government downgrade in its economic outlook.

Japan's Cabinet Office revised downwardly its growth estimates for this year, lowering its GDP forecast to 1.3%, versus 2.0% previously – attributing the lowered growth estimates to rising energy prices, a stronger yen and slowing demand from the US.

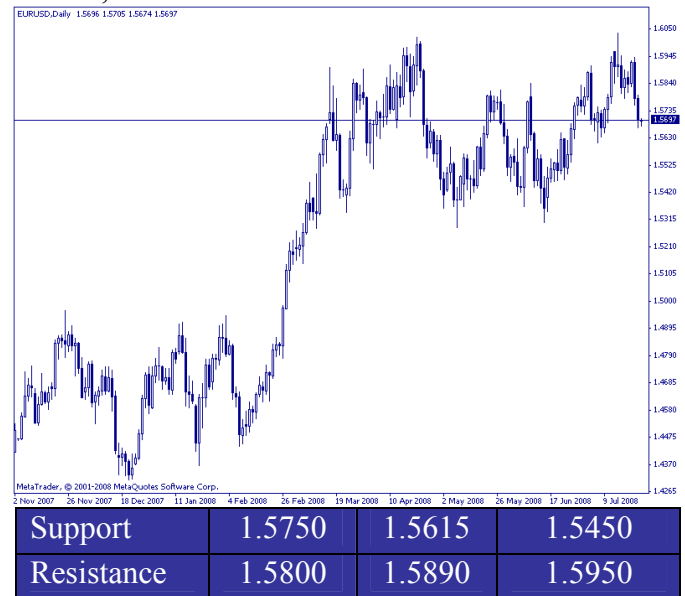
The sterling rose against the dollar, moving above the 2-level to 2.0028 following the release of the Bank of England June meeting minutes. The BoE minutes revealed a three-way split in the vote, with Tim Besley voting in favor of a 25-basis point hike while David Blanchflower voted for a 25-basis point rate cut. The minutes expressed greater emphasis on risks to inflation with discussions taking place over whether to tighten rates. Today from Britain we will watch for the retail sales, which are expected to drop 2.6% in June compared to 3.5% gain a month earlier.

TECHNICAL OVERVIEW

EUR/USD

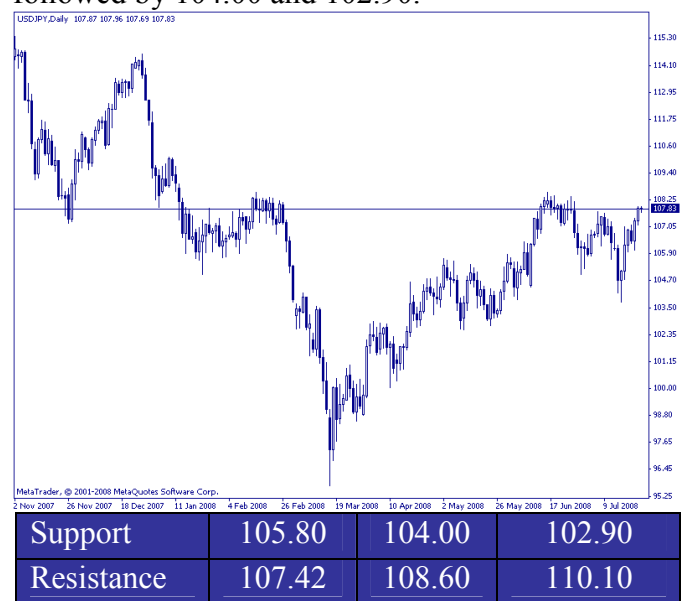
The euro fell against the dollar for a second consecutive day and reached a two-week-low at

1.5669. If the euro reverses the trend, it will expect first resistance at 1.5850, followed by 1.5890 and 1.5950. On downside direction, supports are seen at 1.5800, 1.5615 and 1.5350.



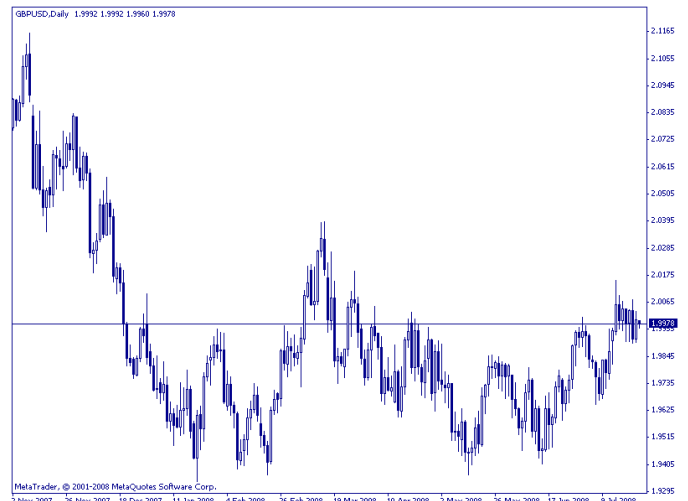
USD/JPY

The dollar extended its rally against the yen, and reached one-month-high at 107.95. Today first resistance is expected at the psychological 108.00 level. A break upon this level will move the target to the 7-month-high at 108.60. On the downside direction, first support is expected at 106.75, followed by 104.00 and 102.90.



GBP/USD

The sterling rose against the dollar, closing on the boarder of the 2.0000 level. On the downside, supports are expected at 1.9880 and 1.9757 which are respectively 50.0% and 38.2% Fibo retracement of the 2.0394-1.9364 movement. If the sterling extends its gain, it will meet 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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