

Daily Market Insight

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Monday, February 6, 2012

Pair	Bias	Objective/Comments	Key Resistance	Key Support
EUR/USD	↓	Consolidates in 1.32-1.3050 range	1.3200	1.3050
USD/JPY	↓	20 day moving average resistance close by	76.84	75.35
GPB/USD	↓	Seems likely to test 200 day MA at 1.5952	1.5817	1.57
AUD/USD	↓	Our targets at 1.07 handle achieved, awaiting consolidation	1.0820	1.0675
USD/CAD	↑	Testing parity, below would likely consolidate at 0.9909	1.0020	0.9960
USD/CHF	↑	Consolidates around 0.92	0.93	0.9205

Headlines

- No deal to bailout or save Greece over the weekend. Euro sold from the very open
- European credit and debt markets show easing concerns over Greek disaster
- Higher nonfarm payrolls and lower unemployment confirm growing US economy

Summary

Nothing is agreed until everything is agreed.

It's as if the market itself has agreed that Greece is certainly heading for a default. European measures of market health have ceased tracking the negative headlines from Athens.

Spanish bonds yields are 2% lower than they were in November. France is down 0.8% from the same time. And Italy is down 1.82%.

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Key Economic Events

- 2/3 – US NFP, **243K** vs. 140K cons.
- 2/3 – US Unemp. Rate, **8.3%** vs. 8.5% cons.
- 03:00 – UK Halifax Prices, **0.6%** vs. 0.1% cons.
- 06:00 – GE Factory Orders, **1.7%** vs. 1.0% cons.
- 22:30 – AU RBA Cash Target, 4% cons.

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With the S&P 500 breaking away into what looks like a new bull market after Friday's hugely positive job numbers, maybe it's time for us to see a de-coupling of risk assets from each other. If Euro resumes it's widely accepted downtrend as the recession takes hold over there, maybe the US Dollar and the US stock market could both trend higher at the same time.

After all, the main catalyst for the inverse correlation of the US Dollar and stocks has been monetary easing by the Fed, which stimulates stock buying, but devalues the dollar. Without it maybe we can return to watching fundamentals for our Forex trading.

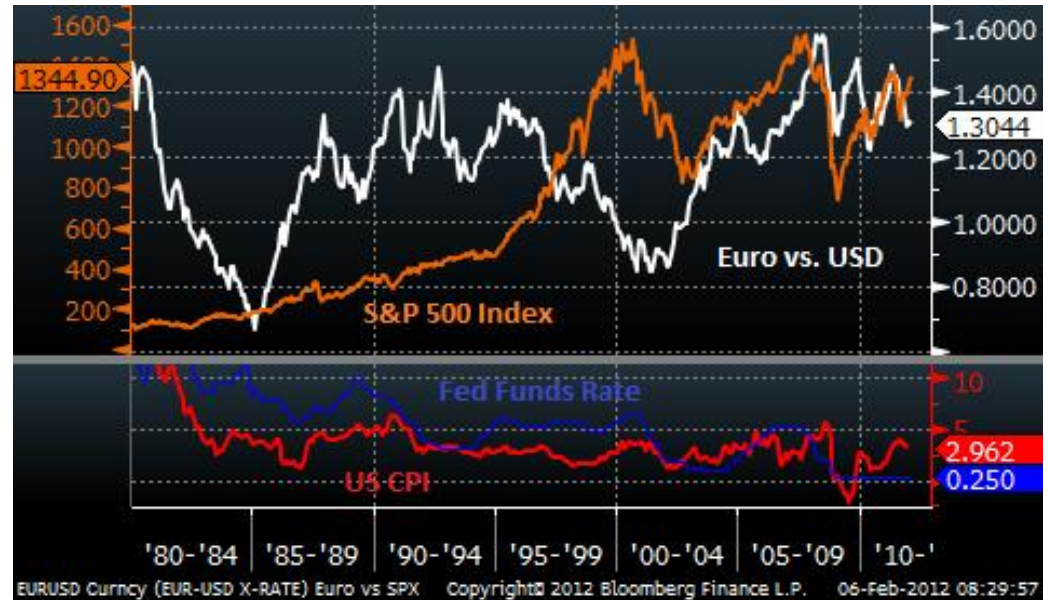


Figure 1: Euro versus the S&P 500 Index. Euro doesn't always have to follow stocks

Source: FX Club Research and Bloomberg

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