

EUR continues its fall as focus turns to the relative weakness of the EU

USD: The NFIB small business optimism index rose to 96.6 from 95.2 last month. This is a highest level since September 2007 at 10 AM ET the jolts job openings will be released with expectations of a rise to 4.050 million from 4.014 million. Also at 10 AM. Wholesale inventories for the month of April will be released with expectations of a 0.6% gain vs. 1.1% last month. The wholesale trade sales are expected to rise by 0.9% vs. 1.4% in the previous month. The US dollars is mixed – rising against the EUR, GBP, CHF and Canadian dollar, but falling against the yen, AUD and NZD.

EUR: The EUR took it on the chin yesterday and is the weakest currency in trading today as well. Italian Industrial Production came in better than expectations at 0.7% vs. 0.4%. French industrial production came in as expected at 0.3%. The EURJPY has trended to the downside in trading today and tests the 200 day MA as NY traders enter for the day at the 138.52 level. The 50% of the move up from the November 2013 low to the December 2014 high comes in nearby at the 138.44 making this a key support level for traders. Look for buyers to take some profits with stops on a break. The euro is coming under pressure as traders focus on the relative weakness of the area vs. other countries like the US and Great Britain.

GBP: UK Manufacturing Production and Industrial Production both rose by 0.4%. This was as expected. Yesterday, the EURGBP fell sharply and approached the 0.8080 – 0.8085 area that was a floor for trading from May 21st to May 27th. Today the price of that pair fell below the support floor and quickly fell toward the low reached on ECB rate statement day last week. Traders - eager to take profit against the support low at 0.80633 (low came in at 080626) - came and have pushed the price back toward the break point. Stay below today and the bears remain in control. The spread between the 10 year German Bund and 10 year Gilt has widened to the largest spread since the EUR came into existence (it is now 132 pips). This is helping to keep pressure on the EURGBP.

JPY: Japan's Tertiary Industry Index in April fell by greater than expected -5.4% (vs. - 3.4% est). The impact of the tax increase was felt in the report. Meanwhile, the May preliminary machine tool orders, year on year rose by 24.1%. Despite the weak report, the yen has been stronger today as the market looks ahead toward the BOJ interest rate statement due out on June 12. Although no change is expected, the market will look toward any change in tone from the Kuroda at the BOJ. The USDJPY fell back below the 100 hour MA in Asian trading and fell toward the 100 day MA and 38.2% retracement both at 102.26 (low reached 102.21). The price has rebounded a touch, but this level remains a key support level for the pair going forward. Look for buyers against the level with stops below.

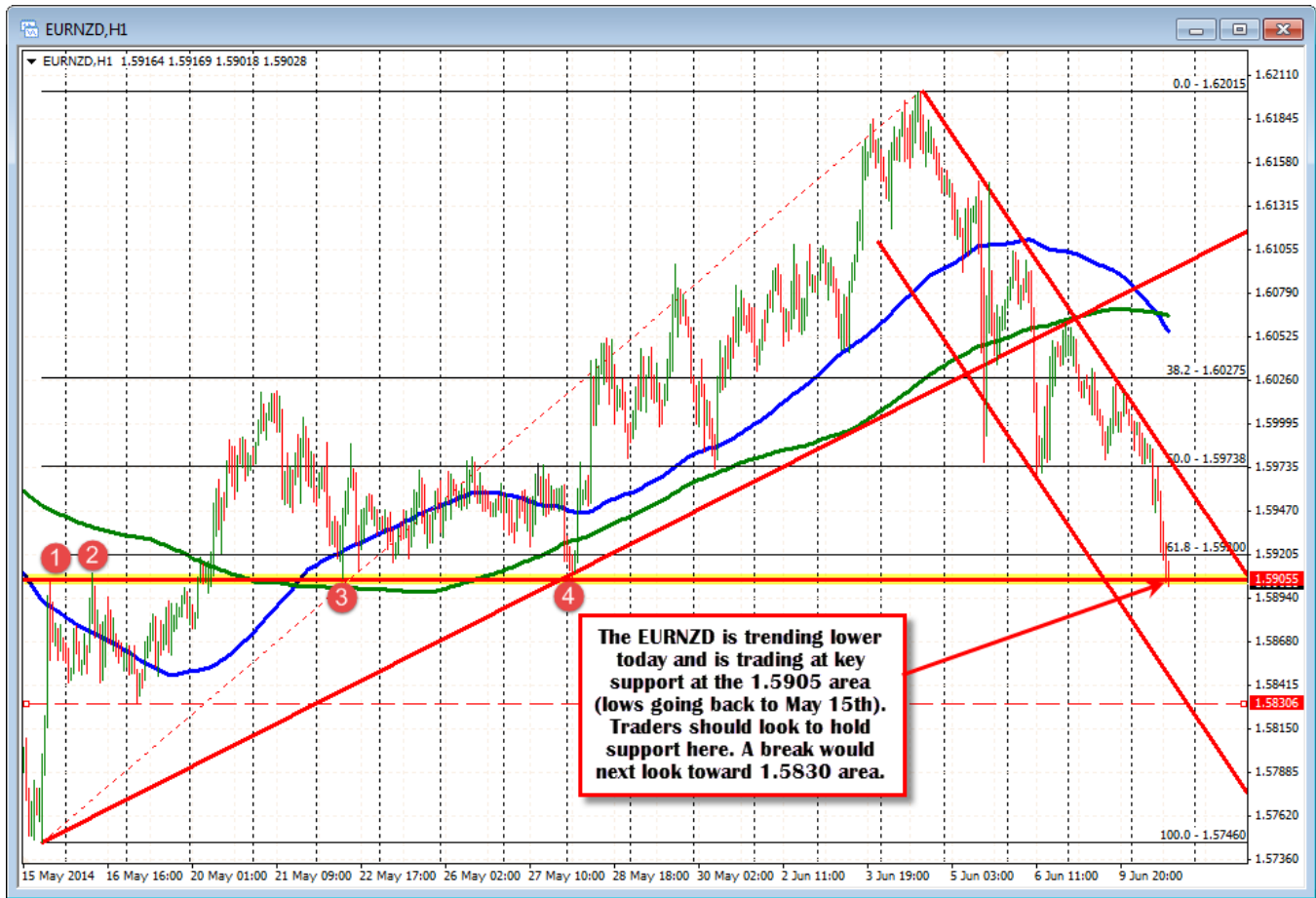
NZD: We are one day closer to the RBNZ Interest rate statement on June 12th. The expectation is for another rate increase to 3.25 from 3.00%. This would be the 3rd increase in a row. The RBNZ has said that by the end of the year they could raise by 125 basis points in total. The NZD has been the strongest currency of the majors today rising against all the major currency pairs today. It is strongest against the EUR (EURNZD), as the pair has trended to the downside in trading today (see chart of the day). Against the USD, the NZDUSD has continued to find support against the 100 day moving average at 0.84877 (low reached 0.8489 today). Stay above = bullish for the pair. Move below = bearish

AUD: In Australia, the NAB business confidence came in unchanged at 7 (the prior month was revised higher to 7 from 6). The Business Conditions index fell to -1 from 0 in April. Home Loans came in at 0.0% vs. 0.2% estimate. The ANZ Job Advertisements fell by -5.6% in May vs. a 1.9% rise in April (revised lower from 2.2%). The mixed data did not stop the

AUDUSD move higher. The pair is up for the 5th day out of 6 and tests a trend line on the daily chart at the 0.9367 as NY traders enter for the day.

CAD: No economic releases are scheduled at of Canada today. The CAD is mixed today after benefiting yesterday from better housing data and higher oil prices. The EURCAD trended sharply to the downside in trading yesterday, falling below the 200 hour moving average (at 1.4838) and 50% retracement of the move up from the May 30th low to the June 6 high at the 1.4839 area (the current price is 1.4824). Traders continued to push the pair to the downside in trading today toward support the next support at the 1.4757-1.4763 (lows from last weeks trading). The

Chart of the Day



Economic Calendar for June 10th

- 7:30 AM ET, US NFIB small business index, estimate 95.8 vs. 95.2 last month
- 10 AM ET, US JOLTS job openings, estimate 4.050 million vs. 4.014 million
- 10 AM ET, US Wholesale Inventories for April, estimate 0.5% vs. 1.1% last month. Wholesale Trade Sales, Est. +0.9% vs +1.4%.
- 12 AM ET, RBA Gov. Stevens speaks in San Francisco
- 7:00 PM ET, World Bank Releases New Global growth forecasts
- 7:50 PM ET, Japan manufacturing index, estimate 14.1, last 12.5.
- 8:30 PM ET, Australia, Westpac consumer sentiment, no, estimate, last 92.8

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