

28 Jul 2010

Recap of Yesterdays European Trading:

@4pm eur +25 to 1.3015 usjpy -15 to 87.55 eurjpy -10 to 113.90 eurCHF -20 to 1.3745 eurGBP -10 to 0.8330 eurnok -1 fig to 8.00 eursek unch at 9.48 aud unch at 0.7265 nzd -30 to 0.7265 uscad +10 to 1.0670 eurpln unch eurhuf unch eurczk -0.8% usils 0% usrub 0% ustry +0.4% uszar +0.1% usbri -0.25% usmxn 0% SPX -0.3% VIX 3.5% 10 yr unch at 3.04%

*rangey and quiet day with risk small off on weaker durable goods data from US

*eur reported to be bought and sold by asian central banks at the lows and highs. eu harmonised german cpi higher than f/c. euro trades 1.2968/1.3041 range.

*BoE Gov King in parliamentary testimony said point of returning to normalised rates is some way off. gbp sold off but recovered.

*aud suffering from weak cpi reading overnight and unable to rally. closed flat.

*US durable goods much worse than f/c and risk sells off.

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Emea & Latam :

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eurpln unch eurhuf unch eurczk -0.8% usils 0% usrub 0% ustry +0.4% uszar +0.1%

*Usbrl 0.1 usmxn 0.25 usclp 0.8 uscop -0.3 uspen 0.0

Stocks %:

Weak durable goods data, some profit taking around 200d ma and month-end selling reported in US stocks, all on very light volume.

Ftse -0.86%

Dax -0.46%

S&P -0.69%

Dow -0.38%

Nasdaq -1.04%

Vix closed 4.6% @ 24.25

Commodities %:

WTC -0.66%

Gold +0.2%

Copper 1%

*oil lower on larger than f/c DOE inventory build

Yields:

US 10 yr -4 at 3.00
EU 10 yr -3 @ 2.74

Strong 5 yr auction in the US supported bond prices.

News/Comments:

Euro continuing to trade around the 1.3000 handle overnight

Usdjpy lower on mild risk-off tone in asia.

Kiwi underperformer on dovish statement accompanying rate hike.

White House budget chief Peter Orszag said on Wednesday it would be "foolish" to cut the U.S. deficit while growth was still frail, but reckless not to significantly shrink the budget gap over the next five years.

San Francisco Fed's top economist Williams says recent soft economic data signals bump in road, not swerve into ditch. Will take "considerable time" for consumer and business confidence to heal. Sees US growth at 2.5% in 2010, 3.5/4.5% in 2011. Sees unemployment taking several years to reach normal levels

China's currency remains "substantially" undervalued, the staff of the International Monetary Fund said on Wednesday, but the IMF's executive board was divided on the issue.

Mexico's central bank said on Wednesday that inflation poses a much smaller risk because of a sluggish economy, boosting expectations policymakers will leave interest rates low into 2011.

Overnight:

Eur +20 to 1.3015 usjpy -30 to 87.15 eurjpy -25 to 113.40 aud
+30 to 0.8960 nzd -30 to 0.7240

Asia EM %

Uskrw +0.2 usinr -0.3 ustwd 0.0 usmyr 0.15 usphp -0.1%

Asia Stocks %:

China closes at 2 month high led by steel companies on expectations the govt will maintain a loose monetary policy

Japan pulled back after strong close previous day. Sony surprise after the bell with an unexpected q2 profit.

Nikkei -0.46%

SGHAI 0.50%

Hang Seng -0.1%

Taiwan 0.18%

ASX -0.13%

Korea -0.06%

Early Trading:

Asian reserve managers buyers of euro in the morning in London.
Talk US investment bank defending barrier at 1.3050.