

XFOREX™ Overnight Express

The Overnight Express: ECB's Trichet Says Euro Has an International Role

The following is a summary of the main economic events from the North American and Asia-Pacific sessions:

- ECB President Trichet tells an audience in Frankfurt that the euro has a "recognized role beyond Europe" and that international confidence in the currency is crucial; he also says the euro is playing an important role "in the realization of an ever-closer union among the peoples of Europe."
- Following his speech, Trichet tells reporters that the ECB considers Greece's deficit-slashing measures "convincing"; he emphasizes that the central bank doesn't use that adjective often.
- Australian economy creates 0.4k jobs in February, short of the prior month's 56.5k gain and expectations for a more modest 15.0k increase; unemployment rate rise to 5.3% from 5.2% the month prior, in line with forecasts.
- Chinese headline CPI rises 2.7% year-over-year in February, accelerating from the prior month's 1.5% increase and outpacing calls for a 2.5% pickup.
- Chinese February new loans fall to 700.1 billion yuan from 1390.0 billion the month prior, short of calls for a 600.0 billion level.
- Chinese retail sales advance 22.1% year-over-year in February, beyond expectations for an 18.1% increase, while industrial production rises 12.8%, short of calls for a 19.0% increase; according to Bloomberg news, the prior month's data were unavailable.

Market Snapshot

(As of 9:30 PM EST)

FX	Last Price	Net Change
EUR/USD	1.3637	-0.002
USD/CAD	1.0264	0.0018
USD/JPY	90.32	-0.2
GBP/USD	1.4956	-0.0022
AUD/USD	0.9122	-0.0033

Bonds	Last Price	Net Change
US 10-Year Future	116.890625	0.5
US 10-Year Yield	3.712	-0.0095
Canadian 10-Year Bond Yield	3.537	-0.22
German 10-Year Bund Yield	3.153	0.021
UK 10-Year Gilt Yield	4.075	-0.27
Aussie 10-Year Bond Yield	5.65	0.025
Japanese 10-Year Bond Yield	1.31	-0.095

Stocks	Last Price	Net Change
Eurostoxx	2588.66	11.39
FTSE 100	5640.57	38.27
DAX	5936.72	50.83
Nikkei	10658.16	94.24
S&P ASX 200	4822.7	2.7
Hang Seng	21251.75	43.46
Shanghai Composite	3063.173	14.246
Dow Futures	10549	-16
S&P Futures	1143	-2.75

Commodities	Last Price	Net Change
WTI Crude Oil	81.63	-0.46
Spot Gold	1109	0.59

FOREXTM *Overnight Express*

- Final Japanese Q4 GDP revised down to a 0.9% quarter-over-quarter gain, further than expectations for a downward revision to 1.0% growth from the 1.1% pickup previously recorded; annualized GDP revised down to a 3.8% growth rate, also further than calls for a downward revision to 4.0% from 4.6%.
- RBNZ keeps its official cash rate at 2.50% as expected; the central bank says the Kiwi economy is "recovering broadly" and inflation is "expected to track within the target range over the medium term"; the RBNZ also says it will begin to remove stimulus around the middle of 2010.
- RBNZ predicts that Kiwi GDP will expand by an annualized 1.9% in Q1 of this year, and rise by an annualized 4.4% in Q1 of 2011.
- ECB Governing Council member Weber tells an audience in Dublin, Ireland, that he sees "more and more" signs of market stabilization; he calls for a close cooperation between national supervisors and a "pivotal role" for central bankers.
- U.S. Senate sends \$138 billion bill to extend unemployment insurance benefits to the House of Representatives.
- U.S. Treasury Secretary Geithner says in testimony that the U.S. economy still faces "substantial challenges" on the road to recovery, but that it is on the verge of creating jobs; he adds that the government's financial rescue of firms "has been effective".
- FT: U.S. Treasury Secretary Geithner wrote a letter to the European Commission warnings against regulatory policies which discriminate against American financial entities.
- U.S. monthly budget deficit expands to a \$220.9 billion shortfall in February from the \$193.9 billion deficit the month before; the rise is essentially in line with the \$222.0 billion shortfall economists had expected.
- Nikkei: Japanese government will upgrade its assessment of the domestic economy on Monday when it issues its outlook report; Tokyo will say that the economy is recovering slowly due to increasing exports to China and other nations, though Japan is still plagued by deflation, according to the news agency.
- BBG: Canadian Budget Officer Page says the Canadian budget appears overly optimistic going three to five years out.
- South Korean Central Bank leaves benchmark interest rate unchanged at 2.00%, as expected.
- The global volume of forex trading increased by 17% between April and October 2009, according to a report from the Reserve Bank of Australia

Thursday's Outlook:

- On the back of a quiet session for Europe on Thursday, focus is likely to lie on the Swiss National Bank's interest rate decision at 8 a.m. EST.
- Economists unanimously expect the central bank to maintain its benchmark 0.25% interest rate, leaving focus on the accompanying statement, released at 9 a.m. EST.
- At the most recent statement on September 17, the central bank stated that it "is still aiming to keep the Libor within the lower end of this range, i.e. at approximately 0.25%. It will continue to provide the economy with a generous supply of liquidity and, if necessary, to purchase Swiss franc

FOREXTM *Overnight Express*

bonds with a view to reducing risk premia on long-term debt instruments issued by private sector borrowers. In addition, it will continue to act decisively to prevent any appreciation of the Swiss franc against the euro.”

- Any changes to these statements will impact the Franc, particularly if the SNB seems inclined to hike rates in the near future.
- The North American session is looking busy on Thursday with market receiving the U.S. and Canadian trade balances, along with Canadian capacity utilization and U.S. jobless claims.
- Central bankers will also be in focus with speeches from Bank of Canada Governor Mark Carney and New York Fed President William Dudley.
- The day begins at 8:30 a.m. EST, with the U.S. trade deficit expected to widen to \$41.0 billion in January from \$40.2 billion the month prior.
- Also, initial jobless claims for the week ending March 6 are expected to decline to 460k from 469k the week prior.
- Continuing claims for the week ending Feb. 27 are expected to remain unchanged at 4500k.
- North of the border, and simultaneous with the U.S. data, the Canadian capacity utilization rate is expected to jump to 70% in Q4 from 67.5% in Q3.
- Also, the Canadian international merchandise trade balance is expected to go into surplus at C\$0.2 billion compared to the C\$0.2 billion deficit the month prior.
- Then at 1:30 p.m. EST, Bank of Canada Governor Mark Carney will address students at Carleton University in Ottawa.
- At 4:35 p.m. EST, New York Fed President William Dudley (voter) will address the Society of Business Economists at an event in London, England.
- Finally, at 4:45 p.m. EST, New Zealand will publish its January retail sales report, which is expected to rise 0.5% month-over-month following a flat reading in December.
- Sales excluding autos are expected to increase by 0.7% compared to the prior 1.8% contraction.

By Erik Franco, erikf@fxtraderacademy.com



XFOREXTM Overnight Express

Economic Data		
Mar-10		
14:00	US	Monthly Budget Statement FEB -220.9B vs. Exp: -\$222.0B Prior: -\$193.9B
15:00	NZ	RBNZ Official Cash Rate Mar-10 +2.5% vs. Exp: +2.5% Prior: +2.5%
16:30	NZ	Business NZ PMI FEB +53.3 vs. Prior: +52
17:45	NZ	Food Prices (MoM) FEB -1.3% vs. Prior: +2.1%
18:50	JN	Gross Domestic Product (QoQ) 4Q F +0.9% vs. Exp: +1.0% Prior: +1.1%
18:50	JN	GDP Annualized 4Q F +3.8% vs. Exp: +4.0% Prior: +4.6%
18:50	JN	Nominal GDP (QoQ) 4Q F +0.1% vs. Exp: +0.1% Prior: +0.2%
18:50	JN	GDP Deflator (YoY) 4Q F -2.8% vs. Exp: -3.0% Prior: -3.0%
19:00	AU	Consumer Inflation Expectation MAR +3.2% vs. Prior: +3.2%
19:30	AU	Employment Change FEB +0.4K vs. Exp: +15.0K Revised: +56.5K Prior: +52.7K
19:30	AU	Unemployment Rate FEB 5.3% vs. Exp: 5.3% Revised: 5.2% Prior: 5.3%
19:30	AU	Full Time Employment Change FEB +11.4K vs. Revised: +12.0K Prior: +15.9K
19:30	AU	Part Time Employment Change FEB -11.0K vs. Revised: +44.5K Prior: +36.9K
19:30	AU	Participation Rate FEB 65.2% vs. Exp: 65.3% Prior: 65.3%
21:00	CH	Producer Price Index (YoY) FEB +5.4% vs. Exp: +5.1% Prior: +4.3%
21:00	CH	Purchasing Price Index (YoY) FEB +10.3% vs. Exp: +8.5% Prior: +5.5%
21:00	CH	Consumer Price Index (YoY) FEB +2.7% vs. Exp: +2.5% Prior: +1.5%
21:00	CH	Retail Sales (YoY) FEB +22.1% vs. Exp: +18.1%
21:00	CH	Retail Sales YTD (YoY) FEB +17.9% vs. Exp: +18.7%
21:00	CH	Industrial Production (YoY) FEB +12.8% vs. Exp: +19.0%
21:00	CH	Industrial Production YTD (YoY) FEB +20.7% vs. Exp: +19.5%
21:00	CH	Fixed Assets Inv Urban YTD (YoY) FEB +26.6% vs. Exp: +25.6%
21:00	CH	New Yuan Loans FEB +700.1B vs. Exp: +600.0B Prior: +1390.0B
Upcoming Events for March 11th 2010		
Mar-11		
4:30	UK	Bank of England Releases Inflation Attitudes Survey Mar-11
8:00	SZ	SNB Libor Target Rate Exp: +0.25% vs. Prior: +0.25%
5:00	EU	ECB Publishes Mar. Monthly Report Mar-11
8:30	US	Trade Balance JAN Exp: -\$41.0B Prior: -\$40.2B
8:30	US	Initial Jobless Claims Mar-06 Exp: +460K Prior: +469K
8:30	US	Continuing Claims Feb-27 Exp: +4500K Prior: +4500K
8:30	CA	Capacity Utilization Rate 4Q Exp: +70.0% Prior: +67.5%
8:30	CA	New Housing Price Index (MoM) JAN Exp: +0.4% Prior: +0.4%
8:30	CA	Int'l Merchandise Trade JAN Exp: +0.2B Prior: -0.2B
9:00	SZ	SNB Holds Monetary Policy Assessment Mar-11
10:30	US	EIA Natural Gas Storage Change Mar-05 Exp: -109 Prior: -116
	EU	ECB's Mersch Presents BCL's Bulletin Mar-11
13:00	US	U.S. to Sell USD13 Bln 30-Year Bonds Reopening Mar-11
13:50	CA	Bank of Canada Governor Carney Speaks in Ottawa Mar-11

The Overnight Express is property of XForex and any redistribution, in part or in full, is strictly prohibited without prior written consent. The information provided in this report is for information purposes only and does not constitute any type of investment advice. For more information, inquiries or concerns about the report, please contact pmidena@economicnews.ca XForex is not an investment advisor and makes no recommendations with respect to the companies, markets, financial instruments or any other matters discussed in this report. XForex does not warrant the accuracy or completeness of the information provided which is gathered from many sources. Any use of the materials presented in this report is at users' sole risk.

FOREXTM *Overnight Express*

14:00	US	New York Fed's Dudley Speaks to London Economists Mar-11
16:00	NZ	REINZ House Sales (YoY) FEB Prior: -1.1%
16:00	NZ	REINZ Housing Price Index FEB Prior: +3201.8
16:45	NZ	Retail Sales (MoM) JAN Exp: +0.5% Prior: 0.0%
16:45	NZ	Retail Sales Ex-Auto (MoM) JAN Exp: +0.7% Prior: -1.8%