

April 19, 2006

U.S. SESSION (as of 4:00 PM EST)

Today's Largest Percentage Movers:

Currency	Daily Percentage Change (%)	Intraday High	Intraday Low	Day's Range (pips)
GBPJPY	+0.8	210.81	208.20	261
GBPUSD	+0.5	1.7935	1.7797	138
AUDUSD	+0.6	0.7472	0.7413	59

(GBPJPY A0-FX - Forex Cross Rate,60) Dynamic,0:00-24:00



GBPJPY

M&A Action Contributes To Cross Bidding

The British pound was bid higher against the Japanese yen on a number of reasons throughout the session. First and foremost, were the positive suggestions from the minutes of the most recent Bank of England meeting, keeping rates at the current 4.50 percent. Voting a 7-1 decision, policy makers look to leave the rate unchanged for at least in the near term bolstering the underlying major spot price. A rate cut would've effectively signaled a looser monetary policy accompanied by expectations of shrinking economic growth, sterling bearish. Additionally, merger and acquisition buying contributed to the push upwards to the 1.7925 figure. A standout buyer resided in both majors that form the cross in part due to the Vodafone acquisition of Softbank as traders eyed the 1.7950 on the upper leg of a double no touch option. As a result, optimistic Japanese data was tossed to the wayside in favor of the sterling move. According to the Cabinet Office, Japanese leading index of business conditions for February was revised higher to a 90.9 print. Expected to reiterate the 81.8 previous posting, the figure lends considerable bullish bias to already established speculation of near term rate hikes. Tomorrow's consumer price index results should weigh tepidly on the cross as expectations are for inflation to remain tamed in the UK economy.

Source: eSignal

(GBP A0:FX - British Pound Sterling,60) Dynamic;0:00-24:00:50



Source: eSignal

GBPUSD

BOE Continues 4.5 Percent Rate

Major bidding overshadowed the better than expected inflationary data released this morning as higher commodity prices pressured even the most idealistic of dollar bulls. Backed by merger flows and a continued bias by central bankers, the market bid the sterling major higher against the U.S. single currency on continued momentum from yesterday's gains. Posting the second highest movement for the session, the British pound was additionally considered as traders continued to remain dollar bearish on comments by Fed policy makers. Looking ahead, inflationary data looks to end the week in the same tepid manner seen last month. Nonetheless, should the survey report price increases held at the top of the 2 percent target, hawkish bias would be confirmed keeping sterling bid. Consensus is expecting a 0.4 percent rise with the annualized figure increasing to 2 percent again.

Rumorville

Selling pressure looks to continue higher at 1.7935 with stops planted above at the 1.7940 figure. Continuing downward interest reside at the 1.7950 figure with comparative bidding following an extreme pullback at 1.7700.



AUDUSD

Commodities Continue To Keep AUD Bid

Aussie bidders came out of the woodwork with commodity prices challenging record levels propping up the major pair. Adding to the buying interest were option barriers that were taken out at the 0.7450 figure following an optimistic IMF forecast for the commodity bloc component. According to the forecast, employment prospect continue to look tighter than expected with growth, although cut from earlier estimates of 3.3 percent, pitted at a 2.9 percent clip. As a result, the extended gains to above the 0.7436 open with further upside being bolstered by AUDJPY cross bidding. Separately, the cross is hitting higher highs near 87.90 underpinning some major bidding. However, gains looked to be capped to the upside as a significant option barrier is being defended heading into the Asian session. As it stands the barrier are components to a 0.7000-0.7500 double no tough due for mid summer. A break above may see stops that reside above trip targeting a move to 0.7550.

Rumorville

Option barrier selling is keeping gains minimized heading into Asia ahead of the 0.7450 barrier. Further shorting looks to ensue as additional interest on exotic barriers are rumored to share the level.

Source: eSignal