

TREASURY NEWSLETTER

21 February 2012

Kuwaiti Dinar Today 0.27750 / 0.27760

Highlights in the Foreign Exchange Market

- The Euro strengthened sharply overnight ahead of the Europe/Greece meeting. Although no official statement was out, rumors that the Euro zone finance ministers agreed on the debt to GDP target to reach 121% by 2020 were out this morning.
- Under the agreement, the total Greece debt package would be worth EUR 130billion, with the private sector haircut expected to be in the 53% range. According to the headlines, the ECB will not forgo profits made on the purchase of Greek bonds and National Central Banks will not be participating in the Private Sector Involvement.
- On the other side of the world, minutes of the latest Australian central bank meeting were released today. According to the minutes, the RBA stated that "While the financial situation in Europe remained fragile, the likelihood of an extremely bad outcome seemed to have diminished somewhat. With growth expected to be close to trend and inflation consistent with the target, the board considered that this setting was appropriate for the overall macroeconomic outlook." According to market analysts, today's minutes suggest that the Bank is expected to stay "on hold for some time".

Chart Points and Other Technical Input

CURRENCIES	OPENING RATE	EXPECTED RANGES	SUPPORT	RESISTANCE
EUR	1.3260	1.3160-1.3330	1.3200-1.3160	1.3290-1.3330
GBP	1.5840	1.5730-1.5930	1.5790-1.5730	1.5880-1.5930
JPY	79.70	78.60-80.90	79.20-78.60	80.20-80.90
CHF	.9110	.9010-.9210	.9060-.9010	.9160-.9210

Brief Technical Commentary

- EUR/USD: Euro traded to a low of 1.3180 this morning, and has since bounced higher to 1.3290. Expect a break of 1.3330 important resistance to being the currency higher. On the downside, intraday support likes at 1.3160.
- USD/JPY: Yen traded within a narrow range yesterday. Bias for the currency remains bullish. Expect a test of resistance at 80.90, a break of which brings currency higher. On the downside, intraday support lies at 79.20.

Economic Events

Monday	-JPY- Trade Balance (Fcst. -0.83T).
Tuesday	-AUD- Monetary Policy Meeting Minutes - RBA Gov Stevens Speaks-NZD- Inflation Expectations q/q -GBP- Public Sector Net Borrowing (Fcst. -8.9B) -CAD- Core Retail Sales m/m (Fcst. 0.3%).
Wednesday	-GBP- MPC Meeting Minutes (Fcst. 0-0-9) -USD- Existing Home Sales (Fcst. 4.67M) - Crude Oil Inventories -EUR- French Flash Manufacturing PMI (Fcst. 48.7) - German Flash Manufacturing PMI (Fcst. 51.1).
Thursday	-USD- Unemployment Claims (Fcst. 345K) -EUR- German Ifo Business Climate (Fcst. 108.6) - ALL- G20 Meetings.
Friday	-GBP- Revised GDP q/q(Fcst. -0.2%) -AUD-RBA Gov Stevens Speaks -USD- New Home Sales(Fcst. 316K)

Key Markets Closing Levels

EURUSD	GBPUSD	USDJPY	USDCHF
1.3243	1.5851	79.63	0.9116
GOLD	OIL	DJIA	NIKKEI 225
\$ 1,734.93	\$103.24	12,949.87(+45.79)	9,467.57(-17.52)

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