

BLACK SWAN CAPITAL

Currency Currents

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Key News

- [Japan's consumer price index \(CPI\)](#) hit eight year peaks. (BBC)
- [China sent a clear signal on Friday](#) that its first interest rate rise in 18 months will not be the start of a fierce tightening cycle. (Reuters)
- Key reports due (WSJ):
 - **8:30a.m. First-Quarter Employment Cost Index.** Consensus: +0.9%. Previous: +0.8%.
 - **8:30a.m. First-Quarter Advance GDP.** Consensus: +5.0%. Previous: +1.7%.
 - **9:45a.m. April Univ. of Michigan Consumer Sentiment Index.** Consensus: 89.2. Previous: 88.9.
 - **10a.m. April Chicago Purchasing Managers Index.** Consensus: 58.2. Previous: 60.4.

Quotable

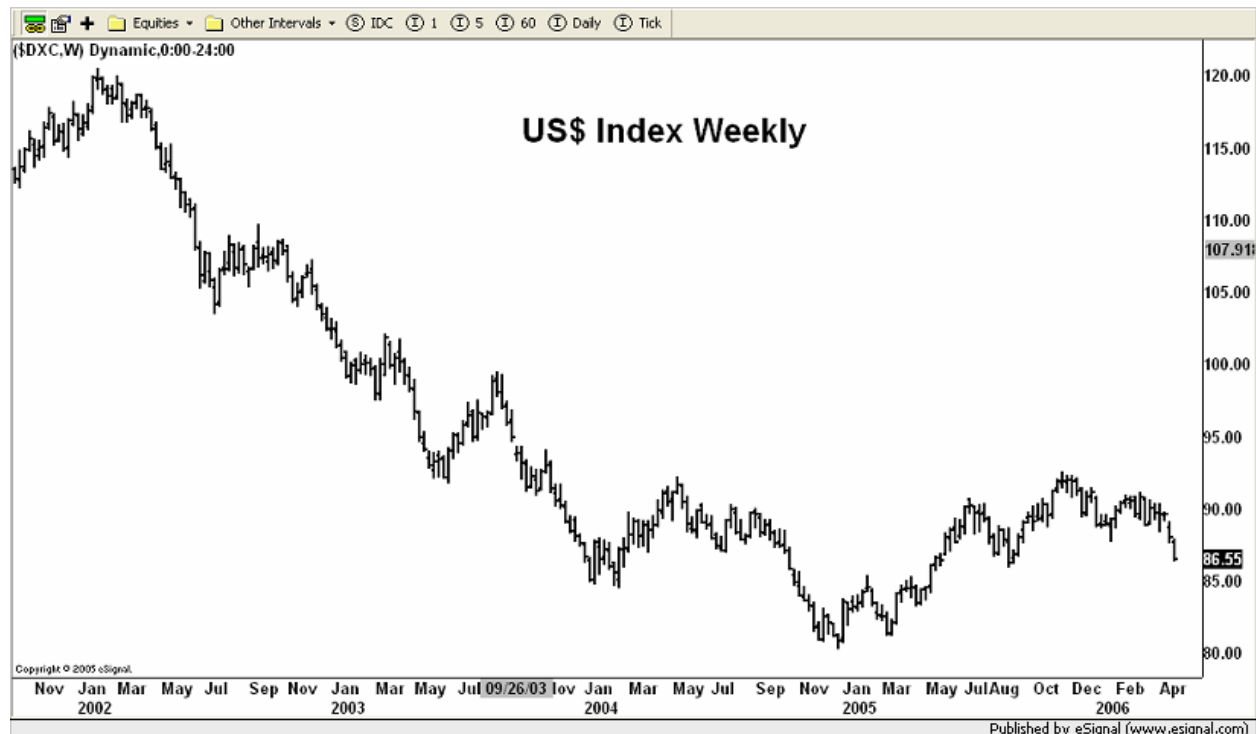
"If you don't know where you are going, you will wind up somewhere else."

Yogi Berra

FX Trading – Fed pause in the bag?

Fed Chairman Gentle Ben Bernanke hit the dollar pretty hard yesterday during his testimony before the Joint Economic Committee of Congress:

- 1) The Fed may pause no matter what the data says
- 2) China should let its currency run
- 3) The deficit is a danger



Gentle Ben handed the dollar bears plenty of ammunition.

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The question: Will it be a beeline to new lows in the dollar? Will there be a pit-stop near what appears to be chart support at 85 on the index?

Well, we have more data on tap to sift through today: the Employment Cost Index and Chicago Purchasing Managers remains in what seems like an incredibly packed week of data and volatility. At the moment, it appears most of the players want to take home short dollar positions for the weekend.

One thing we did find very refreshing about Gentle Ben's comments yesterday—the Fed Chairman cut right to the chase and communicated his views on some complicated subjects using language we all can understand.

Will we act on it in the “right” way? Well that's an entirely different “kettle of fish,” as an esteemed English friend of mine would say.

Jack Crooks
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