



Black Swan Capital  
**Currency Currents**

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Thursday 2 July 2009

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### Key News

- [Ruble Bonds Exceed Dollar Sales for First Time Since '06 as Currency Rises](#) (Bloomberg)
- [Sweden's Central Bank Unexpectedly Cuts Key Interest Rate to Record 0.25%](#) (Bloomberg)
- [Crisis Won't End Until Balance Sheets Get Real](#) (Bloomberg)
- [Consumer credit down a massive 33% in Spain](#) (Credit Writedowns)
- [Italy's deficit rose to 9.3 percent of gross domestic product](#) in the first three months of 2009. (Bloomberg)

Key Reports Due (WSJ):

**8:30 a.m. June 27 Weekly Jobless Claims: Expected:** 619K. Previous: 627K.

**8:30 a.m. June Non-Farm Payrolls:** Expected: -350K. Previous: -345K.

**8:30 a.m. June Unemployment Rate:** Expected: 9.6%. Previous: 9.4%.

**10:00 a.m. June 20 DJ-BTMU Economic Barometer:** Previous: -0.4%.

**10:00 a.m. May Factory Orders: Expected:** +1.2%. Previous: +0.7%.

**10:30 a.m. June 19 EIA Natural Gas Inventories**

**4:30 p.m. June 22 Money Supply**

### Quotable

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"Mistakes, scandals, and failures no longer signal catastrophe. The crucial thing is that they be made credible, and that the public be made aware of the efforts being expended in that direction. The "marketing" immunity of governments is similar to that of the major brands of washing powder."

Jean Baudrillard

### FX Trading – Come On ... Who Sells Dollars Ahead of July 4<sup>th</sup>?

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By the looks of it, traders might actually be respecting the holiday commemorating US Independence. The dollar is positive on the day so far.

Over the last week or so the currencies have struggled to carve out any sustained direction – the moves have amounted mostly to a whole bunch of sideways chop.

But the upshot of range-trading is that it often sparks sustained moves, in one direction or another, that can more clearly be targeted for potential profit.

Which way will we come out of this? Obviously, that remains to be seen.

Technically, as I highlighted in [Currency Currents](#) on Tuesday, in an intermediate-term time frame currencies like the Australian dollar, British pound and euro might be expected to break out to the upside ... as that was their previous direction before this period of sideways consolidation began.

So we wait and watch to see how these chart patterns develop. But keep in mind, the market's consistent reliance on the newest data has the potential to trump these technical indicators.

The two big boys on the data front today: **European Central Bank** interest rate decision and **US Nonfarm Payrolls** for the month of June.

The US jobs report comes a day earlier than normal due to the US Independence Day holiday weekend starting tomorrow. The ADP employment report yesterday was worse than expected. Though ADP is never a perfect indicator for the following Nonfarm Payrolls report, it could reduce expectations for any optimism out of today's release.

Perhaps that's what currency traders are pricing in to the buck already today; it us up against all majors with exception of the yen -- it is flat.

As for the ECB, they didn't do anything different. The market reaction will again be based on the follow-up comments (8:30 eastern time) and how they're parsed. Expect rhetoric regarding a deeper recession and slower recovery.

All in all, whether or not the dollar gains some extra steam today, or not, shouldn't yet signal anything technical for the intermediate- and long-term direction; we'll still be stuck in the sideways churn. But if the dollar does want to embark on a sustained move higher, it better make something happen soon.

Or as they say to baseball pitchers when they step up to the plate: help yourself out. Translation: a pitcher's goal is to win the game; a quick burst of offense could help achieve that end. It's high time for the dollar to produce some offense if it stands a fighting chance.

We'll be back on Monday. Have an excellent Independence Day weekend!

Regards,

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