U.S Session Recap:

**Dollar drop on weak data ahead's FED meets**

U.S. stocks rose on Tuesday, with the S&P 500 index posting its longest monthly win streak since September 2009, as investors cheered corporate earnings and ongoing monetary stimulus.

The dollar fell versus most major peers as business activity in the U.S. unexpectedly shrank for the first time in more than three years and weaker than expected Chicago PMI that April’s figures showed contraction, amid bets the Federal Reserve won’t slacken its bond buying under quantitative easing.

The euro climbed against the dollar, reversing earlier losses, amid speculation that action by the ECB on May 2 will bolster the 17-nation region’s economy.

The yen gained versus the greenback, paring its seventh straight monthly loss.

The EUR/USD rose to the highest level since April 17th at 1.3185. The GBP/USD extended its advance to trade at maximums since February at 1.5565 while the USD/JPY declined further to test the 97.00 level.
Economic Reports:

Confidence among U.S. consumers climbed more than forecast in April to a five-month high as Americans’ outlook for the economy and their incomes improved, according to a gauge from the Conference Board. Separate reports showed property values in 20 cities increased in February by the most since May 2006, while business activity in the U.S. unexpectedly shrank in April for the first time in more than three years.

The Bloomberg Economic Surprise Index, which measures the degree to which economic data exceeded or missed projections, slipped today to minus 0.083, the lowest level since October. The measure peaked at 0.45 in February.

The Federal Reserve may consider maintaining its bond-buying program at a two-day meeting starting today, after a report last week showed the world’s largest economy grew less than forecast in the first quarter.

The central bank will probably continue its “aggressive” easing program this year, Former Fed Governor Kevin Warsh said yesterday in a Bloomberg Television interview at the Milken Institute Global Conference in Los Angeles.

The Fed is buying $85 billion of bonds a month in the third round of its quantitative-easing strategy to put downward pressure on borrowing costs. While Chairman Ben S. Bernanke said after the central bank’s March meeting that further labor-market gains were needed to consider reducing monetary easing, minutes showed officials discussed slowing the pace of buying.
**ECB Bets:**

The ECB will cut its main refinancing rate by a quarter-percentage point to a record 0.5 percent, according to economists surveyed by Bloomberg News.

The euro fell earlier after data showed consumer prices in the 17-nation bloc increased an annualized 1.2 percent in April, versus a 1.7 percent pace a month earlier. Analysts in a Bloomberg survey forecast a drop to 1.6 percent. The jobless rate in the region rose to a record 12.1 percent in March from 12 percent a month earlier.

The shared currency reversed losses “because the market is optimistic the ECB will do something beyond the rate cut,” Steven Englander, head of Group of 10 currency strategy at Citigroup Inc. in New York, said in a telephone interview. “The battle is being fought over what kind of additional stimulus the ECB is likely to provide. The more the market anticipates additional stimulus through credit channels and so on, the stronger the euro will trade”.

The euro has gained 1.7 percent in the past month versus nine developed-nation counterparts tracked by Bloomberg Correlation-Weighted Indexes, the best performance. The dollar fell 1 percent and the yen tumbled 5.8 percent.

**BOJ Stimulus:**

The yen’s gain today pared its monthly slump against the dollar to 3.3 percent. The currency has slid as unprecedented stimulus announced by the Bank of Japan on April 4 spurred investors to sell it.
**Macro Update:**

- US consumer confidence rises more than expected in April.

- US Chicago PMI unexpectedly contracts in April.

- US home prices rise more than expected in February, reports S&P/Case-Shiller.

- Eurozone consumer price inflation eases more than expected in April.

- Eurozone unemployment rate rises to a new record high in March, in line with market expectations.
Asian Financial Calendar:

CFLP China Manufacturing Purchasing Managers’ Index (PMI), CFLP PMI.
- Local Date: 01/05/2013 00:00 UTC (02:00)
- Previous: 50.9
- Impact:
- Event Date: 01/05/2013 09:00 UTC (09:00)
- Forecast: 50.9
- Country: CN
- Event Type: Economic
- Actual:

HSBC China Manufacturing PMI, HSBC Final PMI.
- Local Date: 01/05/2013 00:00 UTC (02:00)
- Previous: 51.6
- Impact:
- Event Date: 01/05/2013 09:00 UTC (08:00)
- Forecast: 50.9
- Country: CN
- Event Type: Economic
- Actual:

Auto sales. Domestic Auto Sales (on year).
- Local Date: 01/05/2011 07:00 UTC (02:00)
- Previous: -15.6%
- Impact:
- Event Date: 01/05/2011 14:00 UTC (09:00)
- Forecast: Country: JP
- Event Type: Economic
- Actual:

- Source: Market Economics
- Next release: 02 May 2013

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