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Asian Demand for Risk Drives Dollar Lower

Another surge to the upside in gold and renewed buying in Asian stock markets helped drive the Dollar lower overnight as investors once again increased demand for higher yielding assets.

The December Euro is trading higher overnight ahead of this morning's European Central Bank report. Most traders have decided that the ECB will leave interest rates unchanged at 1% so the focus will be on ECB President Trichet's talk at 7:30 a.m. Central Time. Trichet is expected to outline the ECB's plan to wind down the billions of Euros of financial stimulus it has provided to the financial system.

The December British Pound surged to the upside, making a new high for the week, but has since fallen back inside of the key retracement zone at 1.6646 to 1.6575. Economic reports overnight are signaling that the U.K. is showing signs of improvement but that the road to recovery is likely to remain rough. A break back under 1.6575 is likely to lead to additional selling pressure.

The U.S. Dollar is ...

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