



Trading Desk Direct: 888.821.3600

Your Foreign FiX

Friday, August 16, 2019

The US Dollar is making new highs for the year this morning amid news that the ECB is reading a massive stimulus package that should include substantial and sufficient bond purchases as well as cuts to the bank's key interest rate. The EUR is trading lower against the US Dollar, dropping 30 bps today and making a new low for the year. Additionally, the entire EUR swap curve now trades in negative yields. US interest rates are trading slightly higher, after making new cycle lows yesterday. The market is pricing a 28% chance for a 50 bps cut at the September meeting, ahead of the Jackson Hole symposium next week. The Bloomberg Dollar Spot Index is trading just above the 1,209 level, up 9 bps from yesterday's close and up 55 bps from one week ago. As the trade war drags on, the weakness in the global macro economy continues to be a tailwind for USD.

Canada: USDCAD starts the session holding steady around the 1.3300 figure to trade near its 100-DMA (1.3299). Overall the loonie is up against its peers, save for the British pound, on the back of slightly stronger oil and easing of global trade concerns. With another light day of economics, traders are expecting a quiet session. The loonie will continue to be driven by the oil market and trade news. Support comes in today at 1.3196 then 1.3184 (50-DMA). Resistance comes in at 1.3310 (200-DMA) then 1.3345.

China: Continuing yesterday's rally, USD/China consolidated around the 7.04 handle overnight as optimism in trade negotiations and a delay in additional US tariffs prevent the pairs from lifting higher for now. A lack of macroeconomic indicator data overnight also helped keep the pairs in line with bearish news in the beginning of the week, which appears to be mostly digested by market participants. US equity markets are slated to rally to finish off the week and could drive broad USD strength to pull CNH weaker. However, weak housing start data could weigh on the pair and allow to Chinese currencies to net gain against the US Dollar for the first time in three weeks.

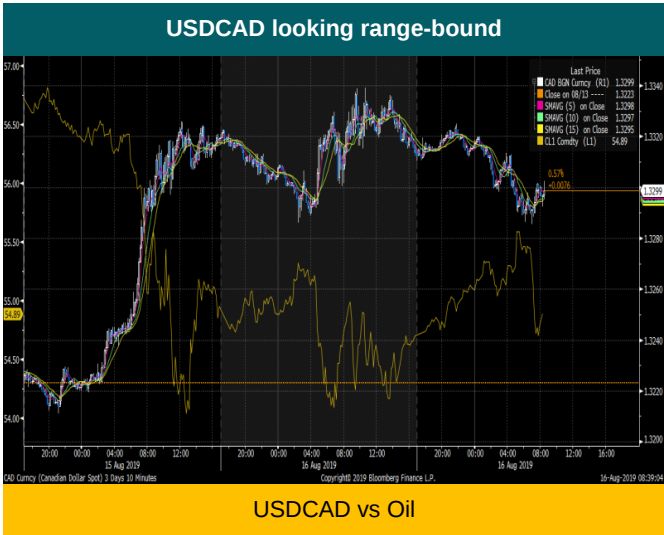
Europe: The Euro moves to trade 30 bps weaker this morning as a week of economic softness weighs on Europe's common currency. Today's decline can be attributed to yesterday's report that the ECB is considering a stimulus package that should include substantial bond purchases and rate cuts to already negative rates. The entire EUR swap curve now trades in negative yields. Mixed overnight economic data releases may have also provided some momentum to the EURUSD pair in the London open, as PPI met expectations to contract by 2.1% YoY in July from 2.5% YoY in June while the trade balance shrunk below expectations. The Eurozone's CPI also decreased in July by 0.5% MoM, although it increased to 1.1% YoY on an annualized basis while Core CPI increased above the ECB's 2% target to 2.2%. Today marks the currency's fourth day of EURUSD decline

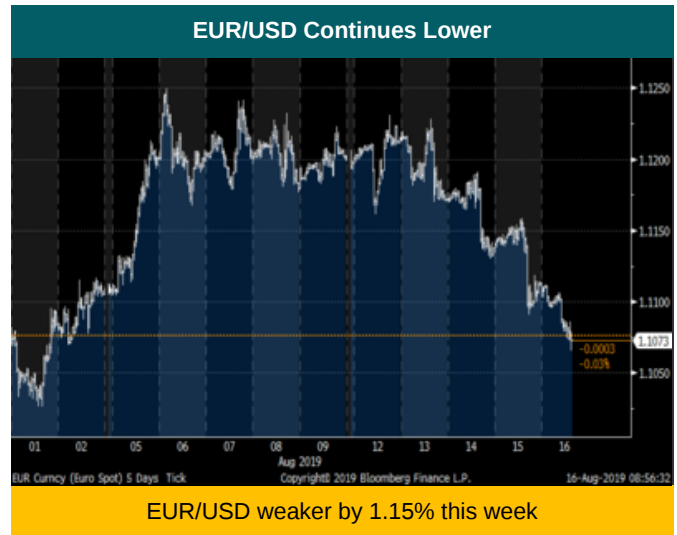
	Percentage Change					
	1M	3M	6M	9M	12M	24M
USDCAD	1.81%	-1.06%	-0.02%	-0.20%	1.99%	6.63%
USDCNH	2.41%	1.92%	5.00%	2.39%	2.54%	7.32%
EURUSD	-1.30%	-1.14%	-2.55%	-2.67%	-4.73%	-6.30%

	Annualized Forward Differential					
	1M	3M	6M	9M	12M	24M
USDCAD	0.69%	0.52%	0.65%	0.32%	0.25%	0.11%
USDCNH	0.97%	0.91%	1.26%	0.80%	0.78%	0.99%
EURUSD	2.89%	2.74%	4.05%	2.56%	2.48%	2.29%

	Implied Volatility					
	3M	6M	9M	12M	24M	6M-RR
USDCAD	5.85%	5.92%	6.06%	6.14%	6.43%	0.57%
USDCNH	6.12%	5.98%	5.94%	5.91%	6.09%	1.23%
EURUSD	6.74%	6.63%	6.68%	6.78%	7.11%	-0.22%

A line chart titled "USD/CAD looking range-bound" showing the price of the USD B3N Currency (R1) from August 15, 2019, to August 16, 2019. The chart displays a range-bound price movement, with the price fluctuating between approximately 1.2975 and 1.3000. The chart includes a legend for various indicators: Last Price (1.2999), Close on 08/15 (1.3022), SMA(5) on Close (1.2998), SMA(10) on Close (1.2997), SMA(15) on Close (1.2995), and C1 Comby (L1) (1.2989). A horizontal line is drawn at 1.2995, and a vertical dashed line is at 12:00. The chart also shows a yellow line representing the C1 Comby (L1) indicator, which is currently at 1.2989. The chart is labeled "USD/CAD (Canadian Dollar Spot) 3 Days 10 Minutes" and "Copyright © 2019 Bloomberg Finance L.P.".





Read our [technical documentation](#) to learn more about this data.

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