



Trading Desk Direct: 888.821.3600

## Your Foreign FiX

### Monday, April 22, 2019

While most of Europe remains out for Easter holiday, North America is back to business, after Mexico and Canada were closed last Friday. The major news event over the weekend was the deadly attack in Sri Lanka that killed at least 290 people, that has had a muted reaction in the market. U.S. treasury yields are slightly higher after being closed on Friday. The 10 year yield is trading at 2.57%, up 1.5 bps from one week ago and holding on to recent gains over the past couple of weeks. The German bund yield is not trading and closed last Thursday at 2.5 bps. On the shorter-end of the U.S. curve, the market is pricing a 60% chance the Fed will cut 25 bps in December. Despite the Fed outlook in the market, the dollar remains firm trading near recent highs. The Bloomberg dollar index is trading at 1,198, up 39 bps from one week ago. Shorter-end OIS rates continue to be dollar supportive. The spread between the 1 year U.S. and EUR OIS yields is 2.72%, see chart nearby.

**Canada:** With Canada and most of the world closed this past Friday USDCAD has been one of the biggest movers today at 33bps on the back of a strengthening in oil. Reports out that the US government will end sanction waivers on crude purchases from Iran sent oil soaring over 2% to a new YTD high of \$65.87, the highest level since the end of October. The Bank of Canada rate decision is released on Wednesday with expectations for rates to remain unchanged at 1.75%. Traders are also expecting the BoC to cut the growth forecast for 2019. Despite the move in oil, the market should remain muted as many countries are still closed for the Easter holiday. Support comes in today at 1.3338 (100-DMA) then 1.3320 (50-DMA). Resistance comes in at 1.3403 then 1.3451.

**China:** USD/China continues its sideways path in the low 6.70s, remaining at the weak end of the broader range. The downdraft in economic data seen in Dec-Feb has seen a bounce in March, leading many to believe that the bottom is in and a recovery is underway. Whether true remains to be seen of course and asset prices would appear to fully reflect the optimism now building. Trade fatigue is firmly in place with headlines, usually contradictory, having minimal impact. Elsewhere, China this week hosts the second Belt and Road Forum and press reports out of HK suggest Boeing is already designing an aircraft to move freight along medium-haul segments of the trade zone.

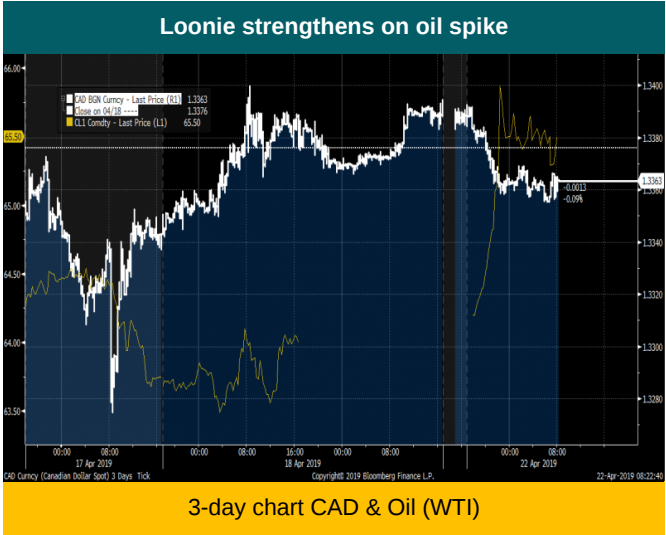
**Europe:** After slipping 0.5% on the back of Thursday's soft PMI data, EUR/USD is trading sideways here as holiday liquidity remains thin. Most of Europe remains out in observance of Easter, and no data is in the pipeline today from either region. The market will instead wait for US GDP on Friday, as well as German IFO results on Wednesday. Price action still suggests that investors have no desire to push EUR/USD out of its current range, although the charts clearly show a descending channel.

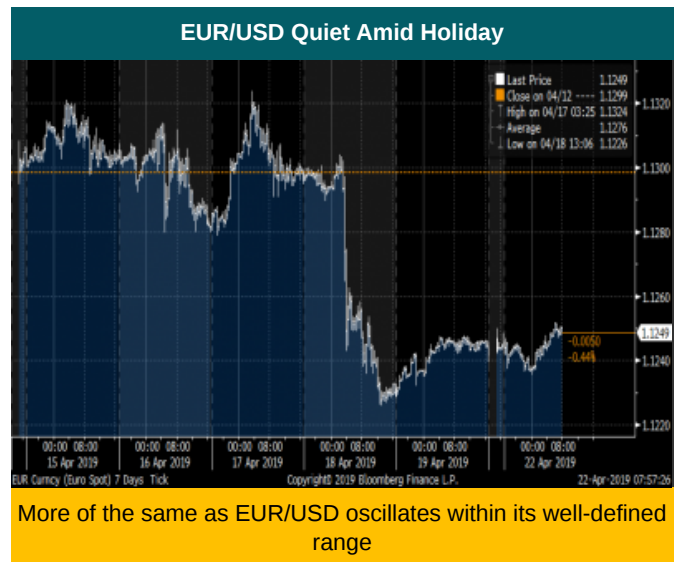
	Percentage Change					
	1M	3M	6M	9M	12M	24M
USDCAD	-0.50%	0.05%	1.99%	1.74%	3.99%	-1.01%
USDCNH	-0.15%	-1.51%	-3.23%	-2.70%	6.43%	-2.56%
EURUSD	-0.46%	-0.97%	-1.87%	-1.40%	-7.85%	4.87%

	Annualized Forward Differential					
	1M	3M	6M	9M	12M	24M
USDCAD	0.82%	0.87%	0.84%	0.83%	0.80%	0.68%
USDCNH	0.01%	0.10%	0.20%	0.34%	0.43%	0.62%
EURUSD	3.08%	3.09%	3.05%	3.06%	3.00%	2.81%

	Implied Volatility					
	3M	6M	9M	12M	24M	6M-RR
USDCAD	5.24%	5.55%	5.80%	5.97%	6.34%	0.43%
USDCNH	4.07%	4.37%	4.60%	4.77%	5.15%	0.41%
EURUSD	4.94%	5.44%	5.82%	6.08%	6.62%	-0.05%

Look for very little activity from today's session, with 1.1300 the ongoing magnet. Support come in just below at the year's lows – 1.1190.





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

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