



Trading Desk Direct: 888.821.3600

## Your Foreign FiX

Friday, February 15, 2019

Dow futures are pointing to a modest gain this morning as risk sentiment remains positive, after news that a U.S. government shutdown will be averted. The President is expected to sign the bill later and also declare a national emergency to secure more funding for a southern barrier. Also helping sentiment are positive headlines from China, as trade talks continue. U.S. interest rates are trading higher this morning, bouncing from the move lower yesterday, after dismal economic data. The dollar is trading at the highest level of the week, benefiting from global economic weakness. The Bloomberg dollar index is trading at 1,200, up 25 bps from yesterday and up 67 from one week ago. The index is trading above its 100 day moving average and is approaching the overbought RSI level. The EUR is trading under pressure, moving below the 1.1250 level and at the lowest level for the week.

**Canada:** After hitting an intra-day high of 1.3340 yesterday, USDCAD traded back into the 1.3200s during European trading this morning. For the week the pair is basically unchanged. Oil (WTI) is up for the fourth day in a row, currently up 1% on the day at \$54.93, however the loonie has been unable to translate the strength in oil to gains against the greenback. With no significant economics today CAD will follow US data and sentiment. Support comes in at 1.3240 (100-DMA) then 1.3147 (200-DMA). Resistance comes in at 1.3300 then 1.3352 (50-DMA).

**China:** Essentially no news after a week of talks in China, other than they will continue in DC next week. It appears that a deadlock on key issues remains. The mkt appears to have priced in that a resolution will occur at some point, so the imposition of more tariffs on March 1 would appear to be risk-off. Today's data releases are interesting, first with CPI (1.7% y/y mkt 1.9%) and PPI (0.1% y/y mkt 0.3%, 0.9% prior) both missing, suggesting that slack is building in the system, though worth noting that these are headline and not core, meaning that lower energy prices are definitely dragging down the data. Perhaps as a result of the RRR cuts, financial institutions made a record 3.23t yuan of new loans (mkt 3 t), a record monthly high since 1992. Remarkably, USD/China continues to hug the 200 day.

**Europe:** EURUSD trended lower overnight, staying below the 1.13 handle for the second day in a row as bearish risk sentiment favors the USD while a new round of trade talks between the US and China seem to lack any major progression and market participants remain concerned over soft retail sales figures in the US. In the EU, outside of a snap election date in Spain being proposed by the Prime Minister after the government failed to pass a fiscal budget earlier in the week, news out of the region was fairly light. However, later today a somewhat busy macroeconomic calendar in the US including industrial production figures and University of Michigan sentiment index, alongside a speech from ECB governor Coeure could drive some additional

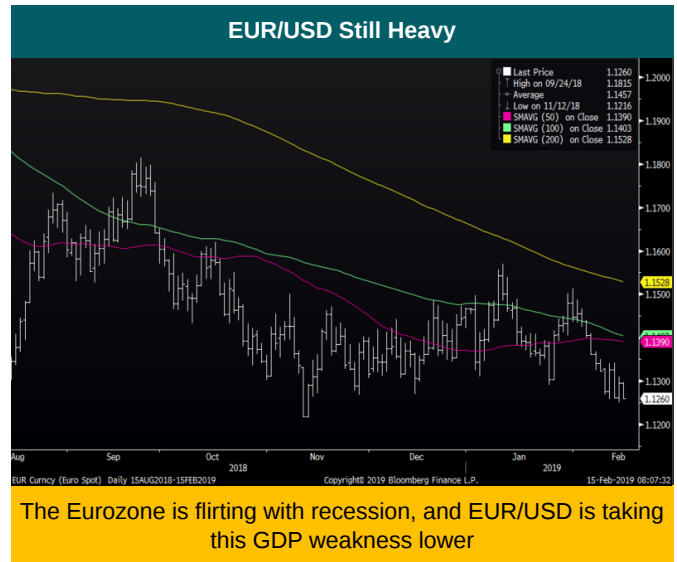
	Percentage Change					
	1M	3M	6M	9M	12M	24M
USDCAD	0.12%	0.79%	1.07%	2.74%	6.42%	1.54%
USDCNH	0.06%	-2.16%	-2.44%	5.91%	7.88%	-0.99%
EURUSD	-1.34%	-0.60%	-0.75%	-4.32%	-9.96%	6.22%

	Annualized Forward Differential					
	1M	3M	6M	9M	12M	24M
USDCAD	0.72%	0.86%	0.82%	0.79%	0.78%	0.66%
USDCNH	0.48%	0.23%	0.14%	0.05%	0.00%	0.16%
EURUSD	2.82%	3.06%	3.07%	3.06%	3.09%	2.92%

	Implied Volatility					
	3M	6M	9M	12M	24M	6M-RR
USDCAD	6.35%	6.64%	6.85%	7.01%	7.37%	0.54%
USDCNH	5.10%	5.41%	5.62%	5.74%	6.05%	0.63%
EURUSD	6.53%	6.87%	7.09%	7.17%	7.63%	-0.68%

volatility in the pair and potentially shake the Euro's recent losing streak. Technically the pair finds support at 1.1251 and resistance at 1.1312.





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

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