



CITIZENS GLOBAL MARKETS

Daily FiX



Trading Desk Direct: 888.821.3600

Your Foreign FiX

Thursday, April 18, 2024

Lower than expected jobless claims, and stronger than expected Philly Fed business outlook has lifted US interest rates and in turn have been a catalyst to turn the Dollar higher this morning, after being down earlier in the session. US interest rates have also turned higher, following a reversal yesterday, with the 2-year and 10-year each up 2-bps today. Several Fed speakers, including Bowman, Williams and Bostic will set the tone for the balance of the day. Heading into those, the OIS market is pricing a 12% chance for a Fed 25-bps cut in June, while September remains high at 88%. For the year, the market is pricing 40-bps of Fed cuts. The Bloomberg Dollar index is trading just above the 1,261 level, down marginally from yesterday but up 80-bps from one week ago. The index is down 40-bps from the cycle high set on Tuesday.

Canada: USDCAD begins the US session down 15bps and lower for the second day running on the back of higher commodity prices. The pair recovered the 1.3700 handle yesterday afternoon on broad greenback weakness. USDCAD is currently trading in the mid-1.3700s. Against its G-10 peers overnight the loonie was mainly stronger, showing mild strength against the EUR (+0.16%) while showing the most weakness against the Swedish krona (-0.27%). Canada has no economics today. Oil (WTI) continues its slide as crude is down nearly 6% since peaking at \$87.67 on April 12th. Oil is currently priced at \$82.48, down \$0.21 on the day. With US data already in the rearview, USDCAD should remain range-bound. Support comes in at 1.3712 with resistance coming in at 1.3855.

Europe: The euro is modestly higher as the dollar drops for its second day, steadying around the upper range of 1.06 to 1.07. In the eurozone, there was nothing to report on the local economic calendar. As for the US, we receive weekly jobless claims, leading index, and existing home sales. Volatility and technical indicators paint a picture of a weaker euro in the path to monetary policy divergence between the Fed and ECB. It is now the most expensive since November to hedge the euro's move over the next year as volatility picks up across major currencies amid renewed geopolitical concerns and the likelihood US rates remain higher for longer. The EUR rests well below all its moving averages, which appear to be consolidating above the 1.08 handle flatlined.

	Percentage Change					
	1M	3M	6M	9M	12M	24M
USDCAD	1.65%	2.07%	0.11%	2.27%	1.86%	6.21%
USDCNH	0.36%	0.95%	-1.08%	0.07%	2.81%	8.43%
EURUSD	-1.70%	-1.58%	0.50%	-2.79%	-0.88%	1.19%

	Annualized Forward Differential					
	1M	3M	6M	9M	12M	24M
USDCAD	0.48%	0.56%	0.98%	0.71%	0.71%	0.68%
USDCNH	0.56%	1.25%	2.75%	2.07%	2.16%	2.02%
EURUSD	1.48%	1.56%	2.48%	1.77%	1.79%	1.82%

	Implied Volatility					
	3M	6M	9M	12M	24M	6M-RR
USDCAD	5.49%	5.59%	5.82%	5.83%	5.96%	0.74%
USDCNH	3.93%	4.73%	5.57%	5.91%	6.29%	0.48%
EURUSD	6.43%	6.52%	6.80%	6.85%	6.99%	-0.95%

USDCAD Trending Lower



USDCAD vs Oil (WTI) 3-Day

EURUSD in Consolidation Range



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

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