



# CITIZENS GLOBAL MARKETS

## Daily FiX



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### Your Foreign FiX

Friday, April 26, 2024

The US Dollar is trading marginally higher this morning, following broadly in-line PCE data for March, easing fears of a potentially higher print. While headline and core year-over-year were both one tenth higher than expected, the monthly increases matched expectations at .3%. Personal income matched expectations at .5%, while personal spending exceeded expectations by two tenths. US interest rates are trading lower across the curve, with the 2-year and 10-year trading at 4.98% and 4.67% respectively. The OIS market is pricing a 28% chance for a Fed 25-bps cut in July and a 68% in September, down from 88% yesterday morning. For the year, the market is pricing 33-bps of Fed cuts. The Bloomberg Dollar index is trading just above the 1,262 level, up 16-bps from yesterday but down 18-bps from one week ago. The market avoided the worse case scenario with PCE data today but the levels were high enough to question an earlier Fed pivot, keeping the Dollar well supported.

**Canada:** The risk-sensitive Canadian dollar is set to post its first two-week advance since December as tech earnings lift US equity futures Friday and as oil prices firm. USDCAD is little changed at just above 1.3655 as of 8:21 am EST, pulling back from a two week low of 1.3637. WTI crude futures climbed 0.6% to \$84.10 per barrel. USDCAD one-month implied volatility is at 5.07%, unchanged from Thursday. The US two-year yield exceeds its Canadian counterpart by 65.7bps, up from 65bps on Thursday. The 10-year yield spread is 83.9bps in favor of US vs 83.6bps in favor of US the previous session. Canada's job market is less robust than the country's most closely watched employment indicator suggests, according to data released Thursday. No major economic data is scheduled for today. Support comes in at 1.3647 and resistance at 1.3855.

**China:** Higher yields in China are weighing on the yuan as both CNH and CNY look to lock in losses for the week. The onshore and offshore yuan are down ~0.1% today as long-term yields (10yr-30yr) are up ~5bps; 7-day repos, too, are up ~2bps. US Secretary of State Antony Blinken wraps up 2 days of talks with China President Xi. Xi warned against 'vicious competition' between the 2 nations, iterating that the US shouldn't oppose/target China.

**Europe:** The euro is making its way higher on track to end the week 70bps stronger ahead of the US PCE deflator, which is the Fed's preferred measure of inflation and could serve as a market catalyst today. US GDP was softer than expected yesterday, but still pointed to a strong economy while the GDP price index accelerated. Inflation expectations edged lower in the eurozone keeping the ECB on track to cut rates in June. There was no new data reported overnight in

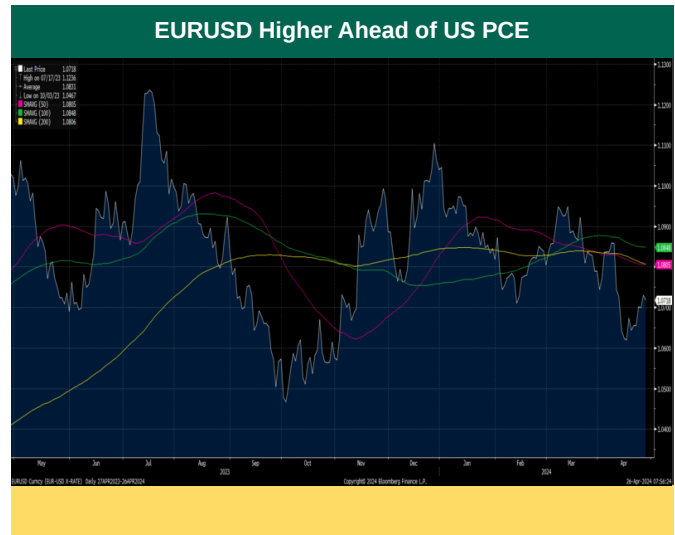
Percentage Change						
	1M	3M	6M	9M	12M	24M
USDCAD	0.90%	1.48%	-1.01%	0.80%	0.35%	5.98%
USDCNH	0.10%	0.69%	-0.58%	-0.58%	2.69%	8.72%
EURUSD	-0.63%	-0.61%	0.34%	-1.39%	-0.01%	1.60%

Annualized Forward Differential						
	1M	3M	6M	9M	12M	24M
USDCAD	0.56%	0.61%	0.99%	0.71%	0.71%	0.66%
USDCNH	2.20%	2.11%	3.32%	2.26%	2.31%	2.14%
EURUSD	1.49%	1.59%	2.51%	1.77%	1.79%	1.82%

Implied Volatility						
	3M	6M	9M	12M	24M	6M-RR
USDCAD	5.25%	5.37%	5.65%	5.67%	5.82%	0.60%
USDCNH	3.93%	4.76%	5.56%	5.92%	6.22%	0.38%
EURUSD	6.14%	6.30%	6.65%	6.71%	6.86%	-0.69%

the eurozone. The EUR is benefitting from a weaker dollar today as markets question the state of the US economy, rising above 1.07; a sustained trade above this level may support further gains for the currency pair.





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