

The USD is trading higher once again, continuing where it left off on Friday. Disappointing numbers out of China in the form of an 89% drop in distributed loans to companies and households stokes fears that the Chinese credit crunch will further deteriorate its growth and cause a world economic slowdown. The result is continued USD safe-haven flow. The data for the week lacks any significant flavor but tomorrow has some significant numbers to eye. On Tuesday, U.S. retail sales are expected to come in at 0.4% vs. 0.2% the prior period. We will also monitor Canadian inflation data. The number is forecasted to come in at 3.0% vs. 2.8% the prior month. Finally, UK employment is expected to come in at 75k from 102k the prior reading. Wednesday's primary release is inflation, the number is forecasted to show a sharp drop to 6.8% from 7.9%. FOMC minutes are also something to keep an eye on midweek. Finally, on Friday Euro zone inflation is anticipated to come in at 5.5%, matching the prior reading. Have a great week!

**CAD:** The loonie is trading with little movement to begin the new week. Global equities are trading firmer across-the-board, but crude oil prices are a tad softer. Strong gains in crude since the end of June have continued to help boost CAD, but as of late the USD is king. Frankly, the CAD looks cheap and should be stronger than what we have currently been seeing.

**GBP:** GBP is finding buyers around the high 1.26s this a.m. Sterling traders are focused on tomorrow's UK employment and wage data to gauge further BoE rate hike guidance in the next few periods. From a technical trading perspective, GBP/USD will need to sustain gains through 1.2740/50 for near term to retest the 1.28 level.

**EUR:** Overnight, the EUR found some buyers to lift it from the low 1.09s but has since reverted to its prior levels. Market focus is on the rising cost of energy for the region and maintains some expectations that ECB policymakers could continue to raise rates, but absent other drivers the EUR may not have any momentum to strengthen in the near term.

**JPY:** USD/JPY traded to YTD highs around the mid 145s. The market is anticipating that the BoJ will find the 145-148 range unappealing and may provide some intervention. The move today however has not provided any tangible signs of talk.

EXCHANGE RATE	
Currency	Rate
EUR/USD	1.0888
GBP/USD	1.2639
AUD/USD	0.6467
NZD/USD	0.5954
USD/CAD	1.3467
USD/MXN	17.0771
USD/CHF	0.8817
USD/JPY	145.41
USD/SGD	1.3571
USD/THB	31.9250
USD/CNY	7.2629

UPCOMING ECONOMIC RELEASES				
Date	Country	Economic Event	Prior	Forecast
08/15	GBP	Employment Change (May)	102k	75k
	GBP	Unemployment Rate (Jun)	4.0%	4.0%
	CAD	Core Inflation Rate MoM (Jul)	-0.1%	0.4%
	CAD	Inflation Rate YoY (Jul)	2.8%	3.0%
	USD	Retail Sales MoM (Jul)	0.2%	0.4%
08/16	GBP	Core Inflation Rate YoY (Jul)	6.9%	6.8%
	GBP	Inflation Rate YoY (Jul)	7.9%	6.8%
	EUR	GDP Growth Rate YoY (Q2)	1.1%	0.6%
	USD	Building Permits Prel (Jul)	1.441M	1.46M
	USD	FOMC Minutes		
08/17	JPY	Inflation Rate YoY (Jul)	3.3%	
08/18	EUR	Core Inflation Rate YoY (Jul)	5.5%	5.5%
	EUR	Inflation Rate MoM Final (Jul)	0.3%	-0.1%