

The dollar is starting the week slightly mixed on the back of quiet market moves due to May Day observations in most of Europe and some LATAM countries. There will likely be little movement in the currency market as it awaits the upcoming FOMC announcement on Wednesday, followed by the ECB on Thursday and finally the release of U.S. non-farm payrolls on Friday. Over the weekend the primary headline was on the acquisition of First Republic by JP Morgan, driven by the seizure of the beleaguered bank by regulators resulting in the third American bank failure since March. The news should be market positive as it reduces a major risk event. Going back to the pending rate announcements, risk for the USD should be leaning towards weakness as the market expects a 25bp Fed hike but signal a cautious tone on policy outlook. Meanwhile, the ECB is widely expected to raise rates and leave things open for further tightening over the course of the next few meetings. U.S. jobs data is expected to show a slowing labor market as the Fed's plan to slow an overheated economy continues to show signs of coming to fruition. Have a great week!

JPY: The yen continued to lose ground this morning, approaching its weakest level in a year. Last week's decision to keep existing monetary policy caused the JPY to lose over 2.0% of its value. Markets are now waiting for the upcoming June and July BoJ meetings for signs of possible action on yield curve control measures.

CAD: Over the weekend the loonie lost a little ground, not surprising after Friday's USD/CAD slide. Canadian manufacturing PMI came in at a 50.2 reading this morning, below market expectations of a 50.5 reading. Although the sector returned to growth reading in April, the figure was marginal at best and suggests that recovery remains unsteady.

EUR: The Euro heads into the data heavy week with eyes on the ECB rate decision. All indications are currently pointing to a 25bps hike, with traders putting this possibility at 78% with the ECB relying heavily on inflation data. Euro-zone Q1 GDP figures were also released last week showing that the bloc barely grew during Q1 at 0.1%, underwhelming analysts and the 0.2% forecast.

GBP: The British Pound ended last week on a fresh two week high of 1.2547. With the ECB and Fed announcing their latest monetary policy decisions later this week, and both expected to raise rates, the Sterling will be vulnerable to weakening throughout the week. European markets are closed Monday, for the Labour Day holiday.

EXCHANGE RATE

Currency	Rate
EUR/USD	1.1024
GBP/USD	1.2550
AUD/USD	0.6667
NZD/USD	0.6196
USD/CAD	1.3542
USD/MXN	17.9306
USD/CHF	0.8923
USD/JPY	136.80
USD/SGD	1.3318
USD/THB	34.1270
USD/CNY	6.9184

UPCOMING ECONOMIC RELEASES

Date	Country	Economic Event	Prior	Forecast
05/02	EUR	German Retail Sales YoY (Mar)	-7.1%	
	EUR	HCOB Mfg PMI Final (Apr)	47.3	45.5
	EUR	Core Inflation Rate YoY (Apr)	5.7%	5.7%
	USD	Factory Orders MoM (Mar)	-0.7%	1.1%
05/03	EUR	Unemployment Rate (Mar)	6.6%	6.6%
	USD	ISM Services PMI (Apr)	51.2	51.8
	USD	FOMC Rate Announcement	5.0%	5.25%
05/04	EUR	HCOB Services PMI Final (Apr)	55.0	56.6
	EUR	ECB Interest Rate Decision	3.5%	3.75%
	CAD	Trade Balance (Mar)	C\$0.42B	C\$0.2B
	USD	Trade Balance (Mar)	-\$70.5B	-\$63.3B
05/05	CAD	Employment Change (Apr)	34.7k	20.0k
	USD	Non-farm Payrolls (Apr)	236k	180k
	EUR	Retail Sales YoY (Mar)	-3.0%	-3.1%