

Overnight, the mood was generally positive from the trading front leading to a stronger USD to start the morning session. The communique from this weekend's G7 summit did draw the ire of China and Russia but did little from a market move perspective. On Friday, Fed Chair Powell stated that it is still unclear if interest rates will need to increase further amid uncertainty about the impact of past hikes and the recent tightening of bank credit. Focus this week will remain on a key meeting between President Biden and House Republican Speaker McCarthy on the debt ceiling. From a release perspective, eyes will be on the Fed's May meeting minutes on Wednesday. The market is looking to see the vote tally to determine if the current central bank tightening cycle is coming to an end. UK inflation data also comes in mid-week. The forecasts are for the core reading to come in flat at 6.2% while the YoY rate to drop from 10.1% to 8.2%. Thursday's key datapoint is U.S. GDP for Q1. Forecasts are for the number to come in at 1.1% vs. 2.6% the prior period. Finally, on Friday we are eyeing U.S. durable goods for April and core PCE price information. Have a great week!

**JPY:** The yen is close to .50% lower this a.m. on continued BoJ dovishness. The market is eyeing this Friday's release of Japanese preliminary May inflation data, forecasted to come in at 3.4% and much higher than the BoJ's 2% target, that may put some pressure on the central bank's policy.

**CAD:** Modest intraday bounce in crude oil supports the commodity driven loonie amidst subdued USD demand. What will weigh on the U.S. dollar was a surprise breakdown in the U.S. debt ceiling negotiations along with less hawkish comments from Fed Chair Powell. In the short term, traders will look towards oil as a key driver for USD/CAD direction.

**EUR:** The Euro reached its 12-month high back in late April but has steadily declined in May, breaking below the 1.08 handle last week. The Euro could see some volatility this week with the ongoing US debt ceiling discussion as well as Tuesday's release of Eurozone flash PMIs.

**GBP:** The Great British Pound starts the week in a fairly well-worn territory of late, near the 1.24 handle. The Sterling is in a delicate position to start the week, with inflation figures to be released on Tuesday. The Bank of England is projecting a substantial decline of nearly 2% for the inflation figures, as energy prices (one of the largest contributors to UK inflation) continue to tumble into the spring/summer.

**EXCHANGE RATE**

Currency	Rate
EUR/USD	1.0824
GBP/USD	1.2441
AUD/USD	0.6643
NZD/USD	0.6280
USD/CAD	1.3514
USD/MXN	17.9163
USD/CHF	0.8963
USD/JPY	138.22
USD/SGD	1.3457
USD/THB	34.4600
USD/CNY	7.0322

**UPCOMING ECONOMIC RELEASES**

Date	Country	Economic Event	Prior	Forecast
05/23	EUR	HCOB Mfg PMI Flash (May)	45.8	46.2
	EUR	HCOB Services PMI Flash (May)	56.2	55.6
	GBP	S&P Global/CIPS Mfg PMI (May)	47.8	48.0
	GBP	S&P Global/CIPS Services PMI	55.9	55.5
	USD	S&P Global Composite PMI (May)	53.4	
05/24	GBP	Core Inflation Rate YoY (Apr)	6.2%	6.2%
	EUR	German Ifo Business Climate	93.6	93.0
	USD	FOMC Minutes		
05/25	EUR	German GDP YoY Final (Q1)	0.8%	-0.1%
	EUR	German GfK Consumer Confid	-25.7	-24.0
	USD	GDP QoQ 2 <sup>nd</sup> Estim. (Q1)	2.6%	1.1%
05/26	GBP	Retail Sales YoY (Apr)	-3.1%	-2.8%
	USD	Core PCE Price Index YoY	4.6%	4.6%
	USD	Durable Goods Orders MoM	3.2%	-1.0%