

Foreign Exchange Market Commentary

After trading to near 10-month highs on Friday, the USD is lower across the board as risk sentiment improves to start the week's trading. There appears to be growing expectations that central banks, including the Fed, will lean toward accommodation as the Delta variant spreads globally. Comments made by the Federal Reserve's Kaplan indicated that if the Delta variant would be persistent or start to affect demand, they would have to adjust policy views accordingly. It is noteworthy to state that Kaplan is among the most hawkish of the Fed and thus the sentiment may be shared by more moderate members. This week's key event will be on what transpires from the virtual Jackson Hole Symposium beginning this Thursday. Other key datapoints to eye this week includes U.S. Durable Goods Orders for July on Wednesday, U.S. 2nd Quarter Estimated GDP on Thursday and finally U.S. Core PCE data on Friday. Have a safe week!

AUD: The Aussie dollar climbed in the Asian session on rising risk appetite amidst rebounding oil prices from last week's selloff, as well as expectations that the Fed may delay its QE tapering due to the spread of the Delta variant. Aussie PM Morrison stated that he is planning on easing strict restrictions when vaccinations rise.

EUR: The single currency is climbing back above 1.17, up 0.2%, on a broadly lower USD. German services PMI beat consensus forecasts slightly, while the manufacturing sector missed. Despite two consecutive days of gains, the EUR remains in its bearish trajectory that has been going on since early June.

CAD: The loonie is being lifted by a strong rebound in crude oil and commodities in general to start the week. USD/CAD has dropped more than two big figures from Friday's peak. The CAD's trajectory remains almost entirely reliant on external sources for direction, meaning USD sentiment and the global risk tone overall.

GBP: The pound is tracking the negative USD tone in the markets, gaining about 0.4% this a.m. and ignoring disappointing PMI data released earlier. On a positive note, the employment gauge rose to its strongest level in the survey's history, with the strong labor demand suggesting that the end of the government's furlough program will not result in a significant pullback in employment that would prevent the BoE from tightening its policy.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
08/23	USD	Markit Mfg PMI Flash (Aug)	63.4	62.5	EUR/USD	1.1740
08/24	USD	New Home Sales MoM (Jul)	-6.6%		GBP/USD	1.3699
08/25	MXN	GDP Growth Rate YoY Final (Q2)	-3.6%	19.8%	AUD/USD	0.7189
	USD	Durable Goods Orders MoM (Jul)	0.8%	-0.3%	NZD/USD	0.6877
	USD	Jackson Hole Econ Symposium			USD/CAD	1.2720
08/26	MXN	Unemployment Rate (Jul)	4.0%	4.1%	USD/MXN	20.3607
	CAD	Avg Weekly Earnings YoY (Jun)	-0.1%		USD/CHF	0.9140
	USD	GDP Growth Rate QoQ 2nd Est	6.3%	6.7%	USD/JPY	109.77
	USD	Initial Jobless Claims	348k	350k	USD/SGD	1.3575
8/27	USD	Core PCE Price Index YoY (Jul)	3.5%	3.6%	USD/THB	33.257
	USD	Univ of Mich Consumer Sentiment	81.2	70.6	USD/CNY	6.4813