

## Foreign Exchange Market Commentary

Market sentiment improved last week, with the information technology sector leading the way. The Nasdaq 100 improved 4.71% while the Dow Jones gained 0.87%. Markets outside the US also gained last week, with the DAX40 gaining 1.58% and Japan's Nikkei and Australia's ASX 200 rising 2.24% and 2.11% respectively. Equity markets initially pulled back after hawkish Federal reserve policy expectations, with global growth concerns weighing on investors. Those concerns reversed late last week, as another strong US non-farm payroll report showed higher-than-expected average hourly earnings. Equity and FX markets also needed some time to reflect on the news of the resignation of British PM Johnson and assassination of former Japanese PM Abe. The week ahead will focus on the worldwide consumer, with sentiment data being released from the US, Australia, and Europe.

**JPY:** The yen's selloff continued overnight with the USD reaching new highs. The ruling coalition of the Liberal Democratic Party scored a victory in the Japanese upper house elections over the weekend, solidifying a nod to assassinated former PM Abe's legacy.

**CAD:** USD/CAD caught some aggressive bids this a.m. and reversed a part of its recent losses, lifting spot above the 1.30 psychological level. Continued investor concerns that a global recession is imminent, along with the latest COVID outbreak in China, would hurt fuel demand that was the primary culprit for the current loonie downtrend undermining the commodity linked currency.

**EUR:** The Euro continues to be one of the most susceptible currencies as headwinds abound for the region, with the Euro approaching parity against the US Dollar to start the week. Worries continue in Europe, as the region's largest natural gas (Nord Stream 1) pipeline shuts down today for routine maintenance, with fears that Russia will cease gas flows once the maintenance has been completed.

**GBP:** The Great British Pound starts the week in decline, as markets continue to process last week's resignation of PM Boris Johnson coupled with a weakening in the Euro, as multiple headwinds factor into the Pound's fragility. The Sterling opens the US trading session at the 1.1885 threshold. With a quiet start of the week from an economic data perspective, all ears will be listening to BoE Governor Bailey's comments on the Financial Stability Report.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
7/12	EUR	ZEW Economic Sentiment Index	-28	-38.3	EUR/USD	1.0073
	AUD	Westpac Consumer Confidence	86.4		GBP/USD	1.1894
7/13	EUR	German Inflation Rate	7.9%	7.6%	AUD/USD	0.6728
	GBP	GDP YoY	3.4%	2.7%	NZD/USD	0.6108
	USD	Inflation Rate YoY	8.6%	8.8%	USD/CAD	1.3026
	CAD	BoC Interest Rate decision	1.5%	2.25%	USD/MXN	20.7181
	AUD	Unemployment Rate	3.9%	3.8%	USD/CHF	0.9810
7/14	USD	PPI MoM	0.8%	0.8%	USD/JPY	137.39
	CNY	GDP Growth Rate	4.8%		USD/SGD	1.4056
7/15	USD	Retail Sales MoM	-0.3%	0.8%	USD/THB	36.2390
	USD	Michigan Consumer Sentiment	50	49.9	USD/CNY	6.7141