

Foreign Exchange Market Commentary

The USD starts this week's trading stronger across the board on risk-off buying and talks of a more hawkish Fed. Markets are geared up for a slew of data and events this coming week amidst continued inflation concerns globally. Central bank meetings; in particular; will be front and center as investors try to determine how price increases will be addressed. The Fed is set to begin its 2-day policy meeting on Tuesday with investors predicting a 50bps move. Following Friday's inflation report, expectations that the Fed will be pushed to move in a more aggressive fashion later this year have increased. Consumer prices increased 8.60% YoY in May, the fastest rise since 1981. Many are looking at a possible 75bps move at one of the next three upcoming sessions through September. Have a great week!

GBP: The pound is tracking its peers lower vs. the USD to an earlier test below the 1.22 handle; erasing practically all its gains in the second half of May. The momentum against the GBP wasn't helped with the release of UK April GDP this a.m. The country's economy surprisingly contracted by 0.3% MoM vs. a forecast of a slight expansion of 0.1%.

CNY: Chinese May exports from Friday showed exports surging with the easing of COVID restrictions. The reading came in at 16.90% YoY; outpacing consensus projections of an 8.0% reading. The market however is monitoring this week's headlines as renewed lockdown fears resurface. Beijing and Shanghai saw rising infection levels over the weekend.

EUR: The single currency is under pressure on safe-haven flows and sharp increases in U.S. yields; trading to its lowest levels in about a month to 1.0400s. The move comes as bets on the ECB's rate hike schedule have become more aggressive as European rates keep up with moves in U.S. markets.

CAD: The CAD is trading in a defensive posture vs. the USD to start the week's trading. Crude oil is about 2% lower as global growth concerns increase and China begins to extend some COVID lockdowns. The current selloff of the loonie appears to be somewhat excessive given the strength of the domestic economy so look to take advantage if you are short.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
06/14	EUR	German Inflation Rate YoY (May)	7.4%	7.9%	EUR/USD	1.0439
	GBP	Employment Change (Mar)	83k	105k	GBP/USD	1.2165
	EUR	ZEW Economic Sentiment (Jun)	-29.5		AUD/USD	0.6942
	USD	PPI MoM (May)	0.5%	0.8%	NZD/USD	0.6273
06/15	USD	Retail Sales MoM (May)	0.9%	0.2%	USD/CAD	1.2867
	USD	FOMC Rate Announcement	1.0%	1.50%	USD/MXN	20.4561
	NZD	GDP Growth Rate YoY (Q1)	3.10%		USD/CHF	0.9954
	AUD	Employment Change (May)	4k	25k	USD/JPY	134.11
06/16	GBP	BoE Interest Rate Decision	1.0%	1.25%	USD/SGD	1.3927
	JPY	BoJ Interest Rate Decision	-0.1%	-0.1%	USD/THB	34.9250
06/17	EUR	Core Inflation Rate YoY (May)	3.5%	3.8%	USD/CNY	6.7546