

Foreign Exchange Market Commentary

Last week the Federal Reserve signaled a hawkish tone by indicating two interest rate hikes in 2023, with the easing of its asset purchases potentially occurring even sooner than anticipated causing a USD rally. The dollar extended its surge vs. the majors to end last week's trading, closing at its highest level since mid-April. To start this week's session the USD has pulled back a bit from its 2% rally as the market seems to believe the surge was overdone and amidst a recovery in risk sentiment. However, many continue to point towards signs that the dollar has a good case to extend higher as the dust settles. This week's focus will be on speeches from several Fed officials including Fed Chair Powell's testimony before Congress on Tuesday. Also of note will be Eurozone consumer confidence data on Tuesday, the release of Markit PMI information for the U.S., UK and Eurozone on Wednesday and Thursday's German IFO business climate, U.S. weekly jobless claims and the Bank of England's rate decision.

AUD: The Aussie dollar traded to its lowest levels vs. the US for the year, breaking the .7500 support area to around .7480 to end last week. Souring risk sentiment weighed on the AUD which has lost almost 3% the past three trading sessions.

EUR: EUR/USD starts the new session on firmer ground after the sharp Fed-induced selloff from last Wednesday, trading to 1.1846-its lowest level in 3 months. Another component to keep an eye on comes from the speculative trading realm, where the long EUR trade became a bit too much on the back of rising optimism around European economic recovery.

CAD: Like all the majors, the loonie is sifting through the collateral damage following last week's shift in the Fed's risk sentiment. The news caused USD/CAD to trade to as low as 1.2486. The CAD has picked up a little support to start this week on a rebound in the broader market sentiment and a rally in crude oil.

GBP: The sterling's slide extended to last Friday, trading to around 1.3810, but has since recovered some ground to start this week's trading. Weaker than forecast UK retail sales for May, falling 1.4%, coupled with an overall stronger USD weighed on the GBP. The Bank of England meets this Thursday and could provide some direction for near term pound levels.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
06/22	USD	Fed Chair Powell Testimony			EUR/USD	1.1892
	JPY	BoJ Monetary Policy Meeting Min			GBP/USD	1.3876
	AUD	Commonweal Bank Mfg PMI (Jun)	60.4	60.4	AUD/USD	0.7509
	EUR	Eurozone Consumer Confid (Jun)	-5.1	-3.0	NZD/USD	0.6971
06/23	EUR	Markit Mfg PMI (Jun)	62.1	63.1	USD/CAD	1.2411
	GBP	Markit Mfg PMI (Jun)	62.9	63.0	USD/MXN	20.5822
	CAD	Retail Sales MoM (Apr)	3.6%	-5.1%	USD/CHF	0.9210
06/24	JPY	BoJ Kuroda Speech			USD/JPY	110.18
	GBP	Interest Rate Decision	0.1%	0.1%	USD/SGD	1.3456
	USD	Durable Goods Orders (May)	-1.3%	2.7%	USD/THB	31.6070
	USD	Initial Jobless Claims	412k	380k	USD/CNY	6.4691