

Foreign Exchange Market Commentary

The US Dollar's decline moderated last week as recession fears cooled off, causing investors and traders to ditch the relative safety of the greenback. Still, the US dollar remains strong when compared to levels seen just a few months ago. Last week's jobs report showed a better-than-expected result, with the US adding a healthy 390,000 jobs in the month of May. For now, the Fed's main policy objective is to rein in inflation, with CPI data crossing the wire this week. Analysts have projected a 5.9% increase in the CPI, which excludes volatile energy prices and food prices. Oil prices have again climbed to a two-month high, currently \$117.80/barrel, but were as high as \$120 early during the Asian trading session. The increase in oil prices was due to the inability to meet production quotas, limited inventory and the anticipation of China ending some of its lock-downs.

JPY: BoJ Governor Kuroda confirmed recently that the central bank is poised to continue its monetary stimulus to assist the economy. Inflation remains significantly lower than its peers globally. Since March, the yen has lost about 14% of its value vs. the USD. Kuroda noted that he anticipates exchange rates will ultimately be influenced by economic fundamentals. After the recent comments, the yen traded a tad higher vs. the USD touching the 131.00 handle.

AUD: The RBA is expected to continue to tighten at its upcoming monetary policy meeting. The key question is how much the increase will be, with some anticipating a range between 25-40bps. The market is anticipating a 30bp increase, but a move to 40 would boost the AUD higher due to the surprise hawkish stance.

EUR: The Euro opened stronger on Monday despite the rising tensions between Ukraine and Russia, with the Euro currently trading at the 1.0712 level. Traders this week will be focused on the ECB's rate announcement and GDP figures. While most are not anticipating a rate hike, the focus will be on the press conference and whether a dovish or hawkish tone is given surrounding rising inflation throughout the Eurozone.

GBP: The Great British Pound opened slightly stronger in early Monday trading, currently near 1.2547 primarily due to weakness in the US Dollar. UK Prime Minister Boris Johnson is facing a vote of no confidence from those within his party. For PM Johnson to remain in power, he needs to win a simple majority in the vote. If he loses, there will be a leadership contest that would be staged without Johnson.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
6/7	JPY	GDP Growth	3.8%	-1%	EUR/USD	1.0701
	CAD	Balance of Trade	C\$2.49B	C\$2.9B	GBP/USD	1.2538
6/8	EUR	GDP Growth Rate QoQ	0.3%	0.3%	AUD/USD	0.7212
6/9	MXN	Inflation Rate YoY	7.68%	7.61%	NZD/USD	0.6511
	EUR	ECB Interest Rate Decision	0%	0%	USD/CAD	1.2552
	EUR	ECB Press Conference			USD/MXN	19.5459
	CNY	Inflation Rate YoY	2.1%		USD/CHF	0.9671
6/10	CAD	Unemployment Rate	5.2%	5.2%	USD/JPY	140.58
	USD	Core Inflation Rate YoY	6.2%	5.9%	USD/SGD	1.3750
	USD	Michigan Consumer Confidence	58.4	58	USD/THB	34.3440
					USD/CNY	6.6487