

Foreign Exchange Market Commentary

Stocks on Wall Street retreated from record highs as trading resumed after the Labor Day weekend. Data out on early Tuesday showed that Chinese exports and imports grew faster than estimated in August, easing some concerns that the COVID-19 pandemic was slowing economic reopenings and creating supply-chain bottlenecks. Last week's disappointing jobs report have bolstered bets that the Federal Reserve will delay its stimulus tapering. The US Dollar gained the most since August 26th, as the 10 Year US Treasury rose by 5 basis points. Yet, investors remain nervous over a growth slowdown and tapering of support outside the US, especially in Europe. In El Salvador, the government announced that Bitcoin will be considered as legal tender alongside the US Dollar.

CAD: The loonie is looking at some potential headwinds this week ahead of the Bank of Canada's rate decision on Thursday. While no large changes are expected, traders will be looking at the tone of the meeting, as the BOC could adopt a more cautious tone on the economic recovery on the heels of an unexpected 1.1% GDP contraction for the second quarter.

AUD: The Aussie dollar gained almost a quarter of a cent on the RBA's monetary policy announcement, as the central bank left rates unchanged but reduced the amount of asset purchases to AUD 4 billion a week (from AUD 5 billion) until mid-February 2022.

EUR: The Euro is bracing for central bank rate decisions from the ECB. While investors don't believe a change in rates will occur, they are looking for any hint to whether the ECB will wind down its stimulus. Many think that the doves will win out, including ECB President Lagarde, letting the inflation target be overshoot to allow for a continued economic recovery.

GBP: The Great British Pound is under additional pressure to start the US trading week as UK politics return as a major factor in the Sterling's performance. UK PM Boris Johnson is expected to raise the National Insurance to pay for health and social care, breaking from his Conservative party. Additionally the UK Government has drawn up plans for an October "firebreak" COVID-19 lockdown, should hospitalizations continue to increase a their current level, threatening to overwhelm the National Health Service.

UPCOMING ECONOMIC RELEASES					EXCHANGE RATE	
Date	Country	Economic Event	Prior	Forecast	Currency	Rate
9/8	CAD	BoC Interest Rate Decision	0.25%	0.25%	EUR/USD	1.1849
	CNY	Inflation Rate YoY	1.0%	1.0%	GBP/USD	1.3794
9/9	MXN	Inflation Rate YoY	5.81%	5.6%	AUD/USD	0.7394
	EUR	ECB Interest Rate Decision	0.0%	0.0%	NZD/USD	0.7102
9/10	EUR	German Inflation Rate	3.8%	3.9%	USD/CAD	1.2632
	GBP	GDP YoY	15.2%	8%	USD/MXN	19.9378
	CAD	Unemployment Rate (Aug)	7.5%	7.3%	USD/CHF	0.9188
					USD/JPY	110.23
					USD/SGD	1.3451
					USD/THB	27.6020
					USD/CNY	6.4667