



FX Overnight Roundup

Thursday, May 2, 2013

Market Statistics

Currency Pairs	Previous Close	Overnight Range	Today's Expected Range
\$/CAD	1.0083	1.0068-1.0086	1.0020-1.0120
EUR/\$	1.3179	1.3148-1.3187	1.3120-1.3230
GBP/\$	1.5554	1.5541-1.5583	1.5520-1.5620
\$/JPY	97.37	97.08-97.40	97.20-98.20
AUD/\$	1.0276	1.0221-1.0282	1.0200-1.0300

Regional News

AMERICAS

The Canadian dollar ended slightly weaker against its U.S. counterpart on Wednesday after five straight days of gains as the Federal Reserve maintained its plan to buy bonds in order to keep borrowing costs low to prop up the U.S. economy. Expectations that the Fed would make a dovish policy statement had helped push the loonie higher in the run-up to the announcement. The Fed expressed concern about an economic drag from Washington's belt-tightening, and reinforced its intention to keep buying assets until unemployment falls significantly. Focus now shifts to Canada's Trade Balance and Friday's Non-Farm Payrolls.

EUROPE

Cable firmed up to reach 1.5580 highs after U.K. construction PMI beat expectations. It took a big step back towards expansionary territory, with the April headline at 49.4 versus 47.2 in March. Cable is in good shape to post further gains after it briefly cleared 1.5600 during Wednesday's session. A pullback under 1.5550 in Asia met solid buying interest at 1.5540 and more are noted at 1.5525 and 1.5500. The policy outlook for the BoE is for a steady hand in the next few months as the economy gradually recovers.

The euro quickly recovered from brief falls against the dollar, hitting a session high on Thursday after the European Central Bank cut interest rates, a decision which had been widely expected. German Bund futures also fell, while European stocks pared earlier gains. The ECB cut its main refi rate by 25 basis points to a record low of 0.5 percent and left the deposit rate unchanged.

ASIA

Signs of slower manufacturing growth in China weighed on shares across the region as investor worries were reignited over a slowdown in the world's second largest economy. China's April HSBC manufacturing Purchasing Managers' Index fell to 50.4 from 51.6 in March. The data follows a reading of 50.6 in the official PMI, a competing index released Wednesday, which was also down from the previous month. Persistent yen strength continued to weigh on Japan's stock market as news of the U.S. Federal Reserve's intent to carry on with its easing measures pulled the dollar lower.

The number of Australian home-building permits issued fell by the most in almost a year in March, tempering optimism the economy is warming to a more-than-yearlong string of central-bank rate cuts. The 5.5% drop in building approvals from February was the steepest month-to-month decline since July 2012, and boosted speculation the Reserve Bank of Australia, or RBA, would deliver a rate cut at its policy meeting next week to give the economy a further kick.

Today's Economic Releases

Time	Country	Release	Period	Forecast	Previous
8:30 am	Canada	Merchandise Trade Balance	Mar	-\$0.7B	-\$1.0B
8:30 am	US	Initial Claims	Apr 26	345K	339K
8:30 am	US	Goods & Services Trade Balance	Mar	-\$42.0B	-\$43.0B
8:30 am	US	Non-Farm Productivity	Q1 P	-1.8%	-1.9%

Source: CIBC Strategic FX, Action Economics, Reuters, Bloomberg

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