



Foreign Exchange



Market Statistics

	Previous Close	Overnight Range	Today's Expected Range
\$/CAD	1.0644	1.0590-1.0651	1.0550-1.0670
EUR/\$	1.2684	1.2666-1.2810	1.2760-1.2860
GBP/\$	1.5350	1.5339-1.5416	1.5320-1.5430
\$/JPY	84.16	83.96-84.57	83.60-84.50
AUD/\$	0.8920	0.8915-0.9059	0.8980-0.9060

Regional News

AMERICAS

- USD/CAD – The slowdown in Canadian GDP growth has added to uncertainty surrounding the Bank of Canada policy announcement next week, with the OIS market indicating a less than 40% probability of a 25 bps rate hike. CIBC has amended its forecast for the September 8th announcement and now sees slightly better odds that the Bank of Canada will not hike in September, a change from the prior forecast. While growth won't decelerate much further from here, the pace will be cool enough for the Bank to stay on hold until nearly mid-2011. The domestic data calendar is bare today, leaving the focus on U.S. indicators, including the ADP employment survey, the August ISM and construction spending.

EUROPE

- EUR/USD – The euro benefited from an improvement in risk appetite and an upward revision in Euro-zone manufacturing PMI data to 55.1 from 55.0 previously. The slight upward revision still left the headline rate sharply lower than the 56.7 in July. The reading nonetheless remains firmly above the 50 point 'no change' mark thus confirming that the manufacturing sector continues to expand, but the decline supports expectations for a moderation in growth in the third quarter and adds to growth concerns.
- GBP/USD – The sterling took a nosedive after U.K. manufacturing came in much weaker than expected and slumped to 54.3 from a revised 56.9 previously. The data reinforce expectations that the Bank of England will maintain an easy policy stance for an extended period of time.

ASIA

- USD/JPY – JPY traded on a softer footing after risk appetite received a boost following better than expected Australian GDP data and an improvement in China August PMI. Asian equities were broadly higher, which included a Nikkei rally of over 1% and encouraged yen selling pressure. The yen headed back into the 84.00 region as a bearish technical picture overwhelmed JPY crosses buying interest.
- AUD/USD – Australian GDP rose 1.2% in Q2, better than expected (Reuters median +0.9%) following an upwardly revised 0.7% increase in Q1 (median 0.5%). GDP expanded 3.3% from Q2 of 2009, also better than anticipated (Reuters median +2.9%). Aussie dollar demand picked up after the better than expected Australian Q2 GDP data and broad based equity market gains. Another source of demand for the Australian dollar was strong interest for copper after China PMI firmed up and further improvement in spot gold, which traded back above \$1250; its highest level since late June.

Source: CIBC Strategic FX, Action Economics, Reuters

Today's Economic Releases

TIME	COUNTRY	RELEASE	PERIOD	FORECAST	PREVIOUS
	Canada	No Major Economic Data			
8:15 am	US	ADP Employment Change	Aug	20K	42K
10:00 am	US	ISM – manufacturing	Aug	53.0	55.5
10:00 am	US	Construction Spending	July	-0.5%	0.1%

