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FOREX Newsletter

November 06, 2020

Pulse of the Market

- The US dollar traded sharply lower against all of the major currencies yesterday
- October non-farm payrolls are scheduled for release later in today's session
- Sterling soared after the Bank of England monetary policy announcement
- The Canadian dollar rose to its strongest level yesterday in more than a month

Recent Interest Rates & US Treasury Yields

USD		0.25%
EUR		0.00%
GBP		0.25%
JPY		-0.10%
CAD		0.75%
AUD		0.25%
NZD		0.25%
	Change	Yield
2-yr Yield	+0.01	0.15%
5-yr Yield	+0.01	0.35%
10-yr Yield	+0.02	0.79%

The U.S dollar traded sharply lower against all of the major currencies yesterday with the Australian and New Zealand dollars leading the gains. Nearly 48 hours after the US Presidential election, no winner has been declared. Hopefully with Pennsylvania, which has become the most important state in this race expecting most votes to be counted by end of day Thursday, we'll have a clearer picture on Friday. However, President Trump has made it clear that he will contest the tallies in all recent Biden won states, which means it could be weeks before all this is over. Of course, if Biden wins Pennsylvania, Nevada, Arizona and Georgia then there's no contest. Even if Trump files lawsuits across the nation that would be too big of a margin to legitimately dispute. Based on the price action in the equity and currency markets, investors are not worried about a contested election or more US political uncertainty. It was another strong triple digit day for the Dow Jones Industrial Average. Risk currencies are up across the board and 10 year Treasury yields, which sold off sharply on Wednesday stabilized. This had nothing to do with the FOMC meeting which had very little impact on equities and currencies. The Federal Reserve's decision to leave interest rates and the size of the Quantitative Easing program unchanged was widely anticipated. There were no surprises in the monetary policy statement – the central bank said economic activity continued to recover. Most of the statement was left untouched from September but the Fed felt that financial conditions, which they previously described as having improved in recent months is now seen as accommodative. October non-farm payrolls are scheduled for release on Friday. Job growth is expected to slow but the unemployment rate and average hourly earnings growth are expected to improve. This is consistent with the decline in the employment component of non-manufacturing ISM and the sharp slowdown in job growth reported by ADP. U.S companies added fewer jobs in October but they are hiring and the unemployment rolls are falling.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
13:30		Canada Employment Change (OCT)	High		100K	378.2K
13:30		Canada Unemployment Rate (OCT)	High		8.8%	9%
13:30		Canada Average Hourly Wages YoY (OCT)	Medium			5.4%
13:30		U.S Non-Farm Payrolls (OCT)	High		600K	661K
13:30		U.S Unemployment Rate (OCT)	High		7.7%	7.9%
13:30		U.S Average Hourly Earnings YoY (OCT)	Medium		4.6%	4.7%
13:30		U.S Nonfarm Payrolls Private (OCT)	Medium		700K	877K
15:00		Canada Ivey PMI s.a (OCT)	Medium		51.5	54.3
20:00		U.S Consumer Credit Change (SEP)	Medium		\$9B	-\$7.22B

Euro

The single currency extended gains for a third straight session yesterday. No final winner has been declared in the US Presidential elections. However, Joe Biden is ahead as the slow counting process continues. The Euro economic calendar has seen the release of German Factory orders. German manufacturing orders rose for the fifth straight month in September, albeit at a slower pace. Overall, the EUR/USD traded with a low of 1.1709 and a high of 1.1858 before closing the day around 1.1824 in the New York session.



Yen

The Japanese yen traded sharply higher in yesterday's trading session. Despite the fact that the results of the U.S election have yet to be confirmed, markets are continuing to price in the increasing likelihood of a Biden presidency with a Republican senate, which has driven the US Dollar lower across the board and thus has been a goldilocks scenario with risk sentiment firmer. Overall, the USD/JPY traded with a low of 104.42 and a high of 104.52 before closing the day around 103.47 in the U.S session.



British Pound

The British Pound gained against the U.S Dollar but fell vs. the euro after the BoE increased its already huge bond-buying stimulus by 150 billion pounds and signaled more support ahead. Bank of England Governor Andrew Bailey said the central bank was ready to pump even more money into Britain's economy if the outlook for inflation weakens. The BoE kept its benchmark interest rate unchanged at 0.1% yesterday. Overall, the GBP/USD traded with a low of 1.2930 and a high of 1.3152 before closing the day at 1.3145 in the New York session.



Canadian Dollar

The Canadian Dollar strengthened as the Federal Reserve kept its loose monetary policy intact, pressuring the greenback, and investors weighed the policy implications of a potentially divided U.S Congress. The safe-haven U.S dollar slumped against a basket of major currencies, as global stocks rallied and the Fed pledged again to do whatever it can in coming months to sustain a U.S economic recovery. Overall, USD/CAD traded with a low of 1.3025 and a high of 1.3175 before closing the day at 1.3042 in the New York session.



Appendix

FOREX Closing Prices for November 05, 2020					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.17233	1.18583	1.17095	1.18243	0.0101
USD/JPY	104.517	104.523	104.424	103.476	-1.0230
GBP/USD	1.29876	1.31528	1.29301	1.31453	0.0159
USD/CHF	0.91158	0.91333	0.9035	0.90421	-0.0078
USD/CAD	1.31329	1.31757	1.30252	1.30425	-0.0093
EUR/JPY	122.531	123.151	122.19	122.374	-0.1530
GBP/JPY	135.757	136.268	135.053	136.037	0.3100
CHF/JPY	114.646	114.935	114.242	114.355	-0.2670
AUD/JPY	75.022	75.428	74.533	75.346	0.3240
EUR/GBP	0.90238	0.90676	0.89917	0.8995	-0.0031
EUR/CHF	1.06855	1.07248	1.06806	1.06961	0.0007
GBP/CHF	1.18383	1.18941	1.17901	1.18935	0.0054

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.1588	1.1649	1.1736	1.1797	1.1885	1.1946	1.2034
USDJPY	103.66	104.04	103.76	104.14	103.86	104.24	103.96
GBPUSD	1.2777	1.2853	1.2999	1.3076	1.3222	1.3299	1.3445
USDCHF	0.8909	0.8972	0.9007	0.9070	0.9105	0.9168	0.9204
USDCAD	1.2836	1.2931	1.2987	1.3081	1.3137	1.3232	1.3288
EURJPY	121.03	121.61	121.99	122.57	122.95	123.53	123.91
GBPJPY	134.09	134.57	135.30	135.79	136.52	137.00	137.73
CHFJPY	113.39	113.82	114.09	114.51	114.78	115.20	115.47
AUDJPY	73.88	74.21	74.78	75.10	75.67	76.00	76.57
EURGBP	0.8893	0.8942	0.8969	0.9018	0.9045	0.9094	0.9120
EURCHF	1.0632	1.0656	1.0676	1.0701	1.0720	1.0745	1.0765
GBPCHF	1.1720	1.1755	1.1824	1.1859	1.1928	1.1963	1.2032

Sources: News, Charts & Quotes (Courtesy: Reuters, US Department Of Treasury)

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