








## Pulse of the Market

- The big story was Pfizer’s vaccine – their results now show their vaccine being 95% effective
- The US dollar extended lower with the New Zealand and Canadian dollars leading the rise
- Stronger inflation data from New Zealand and Canada helped to lift those currencies
- The British Pound extended its gains yesterday on the back of stronger inflation data

### Recent Interest Rates & US Treasury Yields

	Change	Yield
USD		0.25%
EUR		0.00%
GBP		0.25%
JPY		-0.10%
CAD		0.75%
AUD		0.25%
NZD		0.25%
2-yr Yield	+0.01	0.17%
5-yr Yield	+0.02	0.39%
10-yr Yield	+0.02	0.86%

The US dollar extended lower against all of the major currencies with the New Zealand and Canadian dollars leading the rise. Weaker building permits and housing starts didn’t help. Today’s Philadelphia Fed manufacturing index should be softer as well given the sharp decline in the Empire state survey. Stronger inflation data from New Zealand and Canada helped to lift those currencies. In New Zealand producer prices rose more than expected and in Canada, consumer prices rose 0.4% against a forecast of 0.2%. This uptick was no surprise considering that IVEY PMI reported higher prices. The rise in oil prices also helped to drive the loonie higher. With that said, the Australian dollar gained strength despite slower wage growth and decline in new home sales. Sterling extended its gains on the back of stronger inflation data as well which is consistent with the rise in shop prices and the Bank of England’s decision to leave their inflation forecasts unchanged. Euro on the other hand lagged behind as the prospect of ECB easing and Q4 contraction hangs over the currency. Euro zone annual inflation was negative for a third consecutive month in October, matching a four-year low, as energy prices were around 8% lower than a year earlier. Inflation in the 19 countries sharing the euro was plus 0.2% month-on-month in October for a 0.3% year-on-year fall. The big story yesterday was Pfizer’s vaccine update – their results now show their vaccine being 95% instead of 90% effective in preventing coronavirus. This exceeds the 94.5% effectiveness reported by Moderna earlier this week. Unfortunately currency and equity traders were not impressed. The problem is that while investors believe pharmaceutical companies are near the finish line, they understand that widespread dissemination can’t happen until spring of 2021 at the earliest. Moderna, whose vaccine has a longer shelf life and can be stored at -20 degrees Celsius (temperatures closer to a regular freezer) versus Pfizer’s -70 degree Celsius (colder than Antarctica), detailed the challenges of mass producing the vaccine. With additional manufacturing lines, they can only produce about 500 million doses. Also as we have been talking about for the past few weeks, with widespread distribution of the vaccine months away, the pandemic will worsen in the U.S and abroad – Japan set its virus alert level to its highest after reporting record cases yesterday.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
00:30		Australia Employment Change (OCT)	High		-30K	-42.5K
00:30		U.K Unemployment Rate (OCT)	High		7.2%	6.9%
13:30		U.S Continuing Jobless Claims (07/NOV)	Medium		6470K	6786K
13:30		U.S Initial Jobless Claims (14/NOV)	Medium		707K	709K
13:30		U.S Philadelphia Fed Manufacturing Index (NOV)	Medium		22	32.3
15:00		U.S Existing Home Sales MoM (OCT)	Medium		-1.2%	9.4%
16:00		U.S Kansas Fed Manufacturing Index (NOV)	Medium			23

## Euro

The single currency traded slightly higher yesterday as gains were capped by Euro zone annual inflation which was negative for a third consecutive month in October, matching a four-year low, as energy prices were around 8% lower than a year earlier. Non-energy industrial goods also reduced inflation by 0.03 points. The ECB wants to keep inflation below, but close to 2% over the medium term. 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 higher as positive vaccine news offset the surge in coronavirus cases and tighter economic restrictions across the U.S and Europe. Pfizer announced that the final results from the late-stage trial of its COVID-19 vaccine showed it was 95% effective, giving relief to a pandemic-weary market. That followed news that Moderna Inc. released data for its vaccine, showing 94.5% effectiveness. 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 traded at a one-week high, helped by a weaker dollar and by hopes that Britain will forge a post-Brexit trade deal with the EU in time for its departure from the customs union in January. Those hopes have been fed by recent positive comments from government officials. The EU's Trade Commissioner said that Britain and the bloc were in the last moments to reach a trade deal. 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 against its U.S counterpart yesterday, as positive news on a COVID-19 vaccine boosted oil prices and domestic data showing higher inflation reduced prospects of additional policy easing from the Bank of Canada. Canada's annual inflation rate climbed to 0.7% in October from 0.5% in September, mainly on higher food prices, Statistics Canada said. 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 18, 2020					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.18628	1.18898	1.18478	1.18521	-0.0009
USD/JPY	104.18	104.198	103.634	103.808	-0.3680
GBP/USD	1.32455	1.33104	1.32418	1.32703	0.0027
USD/CHF	0.91121	0.91207	0.90894	0.91107	-0.0001
USD/CAD	1.31004	1.31155	1.30309	1.30778	-0.0025
EUR/JPY	123.61	123.628	122.995	123.053	-0.5200
GBP/JPY	137.99	138.182	137.666	137.76	-0.2390
CHF/JPY	114.306	114.316	113.807	113.895	-0.4050
AUD/JPY	76.026	76.124	75.664	75.815	-0.2190
EUR/GBP	0.89555	0.89565	0.89131	0.89302	-0.0023
EUR/CHF	1.08104	1.08226	1.07878	1.07981	-0.0011
GBP/CHF	1.20671	1.21215	1.20654	1.20897	0.0017

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.1795	1.1821	1.1837	<b>1.1863</b>	1.1879	1.1905	1.1921
USDJPY	103.00	103.32	103.56	<b>103.88</b>	104.13	104.44	104.69
GBPUSD	1.3169	1.3206	1.3238	<b>1.3274</b>	1.3307	1.3343	1.3375
USDCHF	0.9062	0.9076	0.9093	<b>0.9107</b>	0.9124	0.9138	0.9156
USDCAD	1.2949	1.2990	1.3034	<b>1.3075</b>	1.3119	1.3159	1.3203
EURJPY	122.19	122.59	122.82	<b>123.23</b>	123.46	123.86	124.09
GBPJPY	137.04	137.35	137.56	<b>137.87</b>	138.07	138.39	138.59
CHFJPY	113.19	113.50	113.70	<b>114.01</b>	114.21	114.52	114.71
AUDJPY	75.15	75.41	75.61	<b>75.87</b>	76.07	76.33	76.53
EURGBP	0.8867	0.8890	0.8910	<b>0.8933</b>	0.8953	0.8977	0.8997
EURCHF	1.0748	1.0768	1.0783	<b>1.0803</b>	1.0818	1.0838	1.0853
GBPCHF	1.2007	1.2036	1.2063	<b>1.2092</b>	1.2119	1.2148	1.2175

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

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