








## Pulse of the Market

- President Trump and Democratic presidential nominee Joe Biden are locked in a tight race
- Despite a raging second virus wave in many major Eurozone nations, the euro is on a tear
- Brexit deal hopes and mixed inflation data helped to lift the British Pound yesterday
- Canadian Dollar saw small gains versus the dollar after Canadian retail sales disappointed

### 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%
	<b>Change</b>	<b>Yield</b>
2-yr Yield	+0.01	0.15%
5-yr Yield	+0.03	0.33%
10-yr Yield	+0.04	0.76%

With 13 days until the US Presidential election, it is no surprise to see investors selling US dollar. President Trump and Democratic presidential nominee Joe Biden are locked in a tight race. The polls favor a Biden victory but investors can't help but eye these surveys with caution. Trump won't give up easily and in key battleground states, voters are very motivated to vote. If Biden wins by the narrow margin, Trump may not leave office willingly. House speaker Nancy Pelosi is optimistic about getting a relief deal done by the end of the week but investors are also worried that she's just dangling the carrot and using it to distract Republicans from the election. We'll know soon but the mere possibility that she doesn't really want to deal until after the election is one of the reasons why investors are starting to dump dollars. The Fed's Beige Book report didn't help – according to the Fed districts, economic activity improved at slight to modest pace. Meanwhile despite a raging second virus wave in many major Eurozone nations, the euro is on a tear. It is almost hard to believe that EUR/USD hit a one month high on Wednesday. Some of the biggest countries in Europe have implemented new restrictions and even outside of curfew, Europeans are staying at home as much as possible. This behavior will undoubtedly weigh on growth. The 10 year German – US yield spread also hit a seven month low which should drive the currency lower. There's been some comments suggesting that the ECB is not ready to ease but if the economy freezes up from a second wave, they'll have no choice. The only reason why euro is strong is because it's attracting demand from investors selling dollars. Sterling also hit a one month high versus the greenback. Brexit deal hopes and mixed inflation data helped to lift the currency. Consumer prices rose 0.4% in the month of September which was less than expected but stronger than the previous month. Producer prices beat expectations and rose at a faster pace. The durability of euro and sterling's rally will hinge upon Friday's PMI reports. The Canadian dollar on the other hand failed to participate in the rally. Loonie saw small gains versus the dollar after Canadian retail sales disappointed. With strong labor market gains, economists were looking for retail sales to rise by 1.1%, up from 0.6% the previous month.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
06:00		Germany GfK Consumer Confidence (NOV)	High		-2.8	-1.6
06:45		France Business Confidence (OCT)	Medium		96	96
12:30		U.S Continuing Jobless Claims (10/OCT)	Medium		9500K	10018K
12:30		U.S Initial Jobless Claims (17/OCT)	Medium		860K	898K
14:00		Euro Area Consumer Confidence Flash (OCT)	Medium		-15	-13.9
14:00		U.S CB Leading Index MoM (SEP)	Medium		0.7%	1.2%
14:00		U.S Existing Home Sales MoM (SEP)	Medium		5%	2.4%

## Euro

The single currency rebounded to a one-week high yesterday as global stocks recovered from early losses with investors broadly in consolidation mode before the No. 3. U.S presidential election. Markets stayed within well-worn recent ranges as fading hopes for a U.S coronavirus aid package combined with rising infections in Europe kept the overall mood cautious. Overall, the EUR/USD traded with a low of 1.1718 and a high of 1.1769 before closing the day around 1.1744 in the New York session.



## Yen

The Japanese yen fell yesterday as the U.S dollar dipped, hitting a one-month low against a basket of major currencies and investors awaited the outcome of fiscal stimulus talks ahead of the upcoming U.S presidential election and coronavirus cases spiked in Europe. The dollar index declined for a second day, with the safe-haven currency hitting 92.991, its lowest since Sept. 21. Overall, the USD/JPY traded with a low of 105.01 and a high of 105.49 before closing the day around 105.14 in the U.S session.



## British Pound

The British Pound extended gains and climbed above \$1.30 in yesterday's trading session as hopes grew that British and European negotiators might be able to salvage post-Brexit trade talks. Britain said the door was still open if the European Union wanted to make some small concessions, but that unless the bloc budged there would be a no-deal exit in 10 weeks. Overall, the GBP/USD traded with a low of 1.2861 and a high of 1.3062 before closing the day at 1.3010 in the New York session.



## Canadian Dollar

The Canadian Dollar extended this month's rally against its U.S counterpart yesterday, as signs of progress on U.S economic stimulus talks boosted risk appetite and domestic data showed across-the-board gains for home prices in September. Stimulus could help cushion the economic shock from the coronavirus pandemic. Canada sends about 75% of its exports to the United States, including oil. Overall, USD/CAD traded with a low of 1.3113 and a high of 1.3106 before closing the day at 1.3142 in the New York session.



## Appendix

FOREX Closing Prices for October 21, 2020					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.18219	1.18793	1.18204	1.18588	0.0038
USD/JPY	105.446	105.506	104.319	104.57	-0.9100
GBP/USD	1.2939	1.31749	1.29379	1.31475	0.0201
USD/CHF	0.90683	0.90701	0.90283	0.90534	-0.0015
USD/CAD	1.31266	1.315	1.30782	1.31424	0.0017
EUR/JPY	124.68	124.816	123.891	124.027	-0.6730
GBP/JPY	136.478	137.64	136.44	137.507	0.9350
CHF/JPY	116.247	116.358	115.432	115.474	-0.7990
AUD/JPY	74.304	74.576	74.172	74.402	0.0840
EUR/GBP	0.91316	0.91364	0.90093	0.90196	-0.0109
EUR/CHF	1.07212	1.07376	1.07084	1.07357	0.0014
GBP/CHF	1.1735	1.19093	1.17327	1.19026	0.0161

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.1767	1.1794	1.1826	1.1853	1.1885	1.1912	1.1944
USDJPY	102.90	103.61	104.09	104.80	105.28	105.99	106.46
GBPUSD	1.2762	1.2850	1.2999	1.3087	1.3236	1.3324	1.3473
USDCHF	0.8989	0.9009	0.9031	0.9051	0.9073	0.9092	0.9115
USDCAD	1.3025	1.3052	1.3097	1.3124	1.3169	1.3195	1.3241
EURJPY	122.75	123.32	123.67	124.24	124.60	125.17	125.52
GBPJPY	135.55	136.00	136.75	137.20	137.95	138.40	139.15
CHFJPY	114.23	114.83	115.15	115.75	116.08	116.68	117.00
AUDJPY	73.79	73.98	74.19	74.38	74.59	74.79	75.00
EURGBP	0.8847	0.8928	0.8974	0.9055	0.9101	0.9182	0.9228
EURCHF	1.0688	1.0698	1.0717	1.0727	1.0746	1.0756	1.0775
GBPCHF	1.1611	1.1672	1.1787	1.1848	1.1964	1.2025	1.2140

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

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