








Pulse of the Market

- U.S manufacturing and service sector activity expanded at a faster pace in the month of November
- Eurozone PMIs were not as bad as economists feared with manufacturing holding up better
- The only currency that outperformed the Greenback yesterday was the British Pound
- Australian dollar shrugged off stronger PMIs and closed as the second worst performing currency

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	0.16%
5-yr Yield	+0.02	0.39%
10-yr Yield	+0.04	0.87%

The U.S dollar traded higher against most major currencies yesterday. The gains were sharp and abrupt, coming shortly after Markit Economics' PMI reports. According to the latest numbers, manufacturing and service sector activity expanded at a faster pace in the month of November. This improvement is a surprise considering that COVID-19 cases shot up this month forcing states to roll out new restrictions. However these statistics also explain why some governors have gone to lengths to avoid new restrictions despite alarming coronavirus cases. At some point with hospitals overwhelmed they may need to consider but in the meantime, the fear of what's to come after Thanksgiving did not stop equity and currency traders from celebrating yesterday's report. The good news is that stronger PMIs ease concerns about a deep contraction in growth this month so even if there's a material slowdown in late November, early December, it will be from a higher base. Consumer confidence numbers are due for release today and while the PMIs were better, we still believe that election uncertainty and rising virus cases will dampen sentiment. Euro rose briefly above 1.19 before u-turning quickly on the back of stronger US data. Eurozone PMIs were not as bad as economists feared with manufacturing holding up better in Germany and the region as a whole this month. Given the breadth of recent lockdowns, a more significant contraction was expected. That could still happen as these numbers are subject to revisions. Germany's IFO report is due for release today – there's a good chance business confidence soured more significantly than activity last month and if that's the case, we could see losses in EUR/USD accelerate quickly. The only currency that outperformed the greenback today was sterling. Between stronger PMIs, talk of a Brexit deal this week (or this month), and the government's decision to end its stay at home order and ease restrictions starting December 2nd, investors had plenty of reasons to snap up the currency. The manufacturing PMI index actually came in at 55.2, well above the consensus forecast of 50.5. Service sector activity slowed with the PMI index dropping to 45.8 from 51.4 but this number along with the composite were still higher than forecast. While Brexit talks will decide the fate of sterling, yesterday's developments helped sterling outperform euro and the U.S dollar.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
07:00		Germany GDP Growth Rate YoY Final (Q3)	High		-4.3%	-11.3%
07:45		France Business Confidence (NOV)	Medium		91	93
09:00		Germany Ifo Business Climate (NOV)	High		90.1	92.7
09:00		Germany Ifo Current Conditions (NOV)	Medium		87	90.3
09:00		Germany Ifo Expectations (NOV)	Medium		93.5	95.0
14:00		U.S House Price Index MoM (SEP)	Medium		1.1%	1.5%
15:00		U.S CB Consumer Confidence (NOV)	High		98	100.9

Euro

The single currency traded lower despite positive news on AstraZeneca vaccine yesterday as investors focused on the major economies under strict lockdowns and the fact that COVID-19 cases are not receding. Britain's AstraZeneca said its vaccine for the novel coronavirus could be around 90% effective without any serious side effects, making it the latest pharmaceutical company to report on late stage results. Overall, the EUR/USD traded with a low of 1.1799 and a high of 1.1904 before closing the day around 1.1839 in the New York session.



Yen

The Japanese yen gained today as investors breathed easier after U.S President Donald Trump accepted the start of a transition to a Biden administration that is expected to include former Federal Reserve Chair Janet Yellen as Treasury secretary. Trump gave the head of the General Services Administration the go-ahead to proceed with a transition to a government led by President-elect Joe Biden. Overall, the USD/JPY traded with a low of 103.66 and a high of 104.61 before closing the day around 104.50 in the U.S session.



British Pound

The British Pound rallied as more positive news about a potential COVID-19 vaccine propelled investors to buy riskier currencies and investors bet Britain and the EU would clinch a Brexit trade deal. London and Brussels continue their negotiations to agree a deal on their future trading relationship, though time is now running very short as Britain's post-Brexit transition period ends in fewer than six weeks. Overall, the GBP/USD traded with a low of 1.3262 and a high of 1.3395 before closing the day at 1.3321 in the New York session.



Canadian Dollar

The Canadian Dollar edged higher as the latest news of progress on a COVID-19 vaccine boosted investor sentiment, but the loonie gave back much of its earlier advance as the greenback broadly rallied. A resilient financial system and a targeted response by authorities has tempered the impact of the COVID-19 pandemic on Canada's financial system, Bank of Canada Deputy Governor Toni Gravelle said. Overall, USD/CAD traded with a low of 1.3043 and a high of 1.3112 before closing the day at 1.3079 in the New York session.



Appendix

FOREX Closing Prices for November 23, 2020					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.18574	1.19046	1.17992	1.18391	-0.0022
USD/JPY	103.796	104.619	103.665	104.502	0.7060
GBP/USD	1.32921	1.33959	1.3262	1.33216	0.0037
USD/CHF	0.91113	0.91459	0.90741	0.91246	0.0017
USD/CAD	1.30858	1.31102	1.30436	1.30795	-0.0013
EUR/JPY	123.08	123.81	123.052	123.715	0.5880
GBP/JPY	137.997	139.313	137.963	139.2	1.2910
CHF/JPY	113.881	114.585	113.868	114.503	0.5600
AUD/JPY	75.774	76.186	75.752	76.121	0.3180
EUR/GBP	0.89174	0.89208	0.88648	0.88848	-0.0041
EUR/CHF	1.0805	1.0816	1.07925	1.08032	0.0000
GBP/CHF	1.2114	1.21826	1.2108	1.21518	0.0052

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.1685	1.1742	1.1791	1.1848	1.1896	1.1953	1.2001
USDJPY	102.95	103.31	103.91	104.26	104.86	105.22	105.81
GBPUSD	1.3123	1.3193	1.3257	1.3327	1.3391	1.3460	1.3525
USDCHF	0.9012	0.9043	0.9084	0.9115	0.9156	0.9187	0.9227
USDCAD	1.2979	1.3011	1.3045	1.3078	1.3112	1.3144	1.3179
EURJPY	122.48	122.77	123.24	123.53	124.00	124.28	124.76
GBPJPY	136.99	137.48	138.34	138.83	139.69	140.18	141.04
CHFJPY	113.34	113.60	114.05	114.32	114.77	115.04	115.49
AUDJPY	75.42	75.59	75.85	76.02	76.29	76.45	76.72
EURGBP	0.8803	0.8834	0.8859	0.8890	0.8915	0.8946	0.8971
EURCHF	1.0768	1.0780	1.0792	1.0804	1.0815	1.0827	1.0839
GBPCHF	1.2038	1.2073	1.2112	1.2147	1.2187	1.2222	1.2262

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

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